NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS

Congressional Information Service, Inc.
Washington, D.C.

Union Calendar No. 277

100th Congress, 1st Session

H. Rept. No. 100-433 S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 12
Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

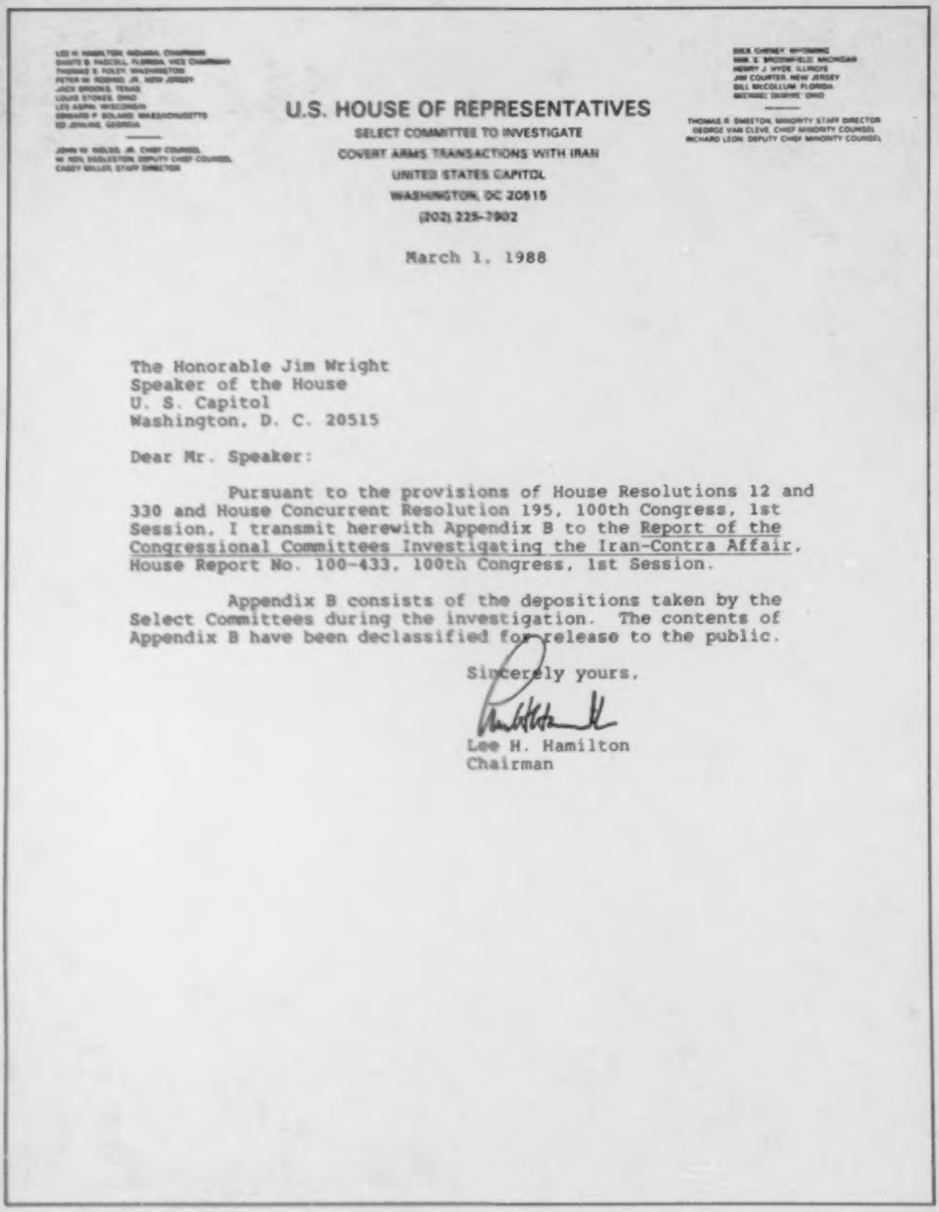
November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

5963-14
H963-14

82-710 O-88-1



LEE H. HAMILTON, INDIANA, CHAIRMAN
DANTE B. FASCELL, FLORIDA, VICE CHAIRMAN
THOMAS S. FOLEY, WASHINGTON
PETER W. RODINO, JR., NEW JERSEY
JACK BROOKS, TEXAS
LOUIS STOKES, OHIO
LES ASPIN, WISCONSIN
EDWARD P. BOLAND, MASSACHUSETTS
ED JENKINS, GEORGIA

JOHN W. NIELDS, JR., CHIEF COUNSEL
W. NEIL EGGLESTON, DEPUTY CHIEF COUNSEL
CASEY MILLER, STAFF DIRECTOR

U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

DICK CHENEY, WYOMING
WM. S. BROOMFIELD, MICHIGAN
HENRY J. HYDE, ILLINOIS
JIM COURTER, NEW JERSEY
BILL McCOLLUM, FLORIDA
MICHAEL DeWINE, OHIO

THOMAS R. SMEETON, MINORITY STAFF DIRECTOR
GEORGE VAN CLEVE, CHIEF MINORITY COUNSEL
RICHARD LEON, DEPUTY CHIEF MINORITY COUNSEL

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

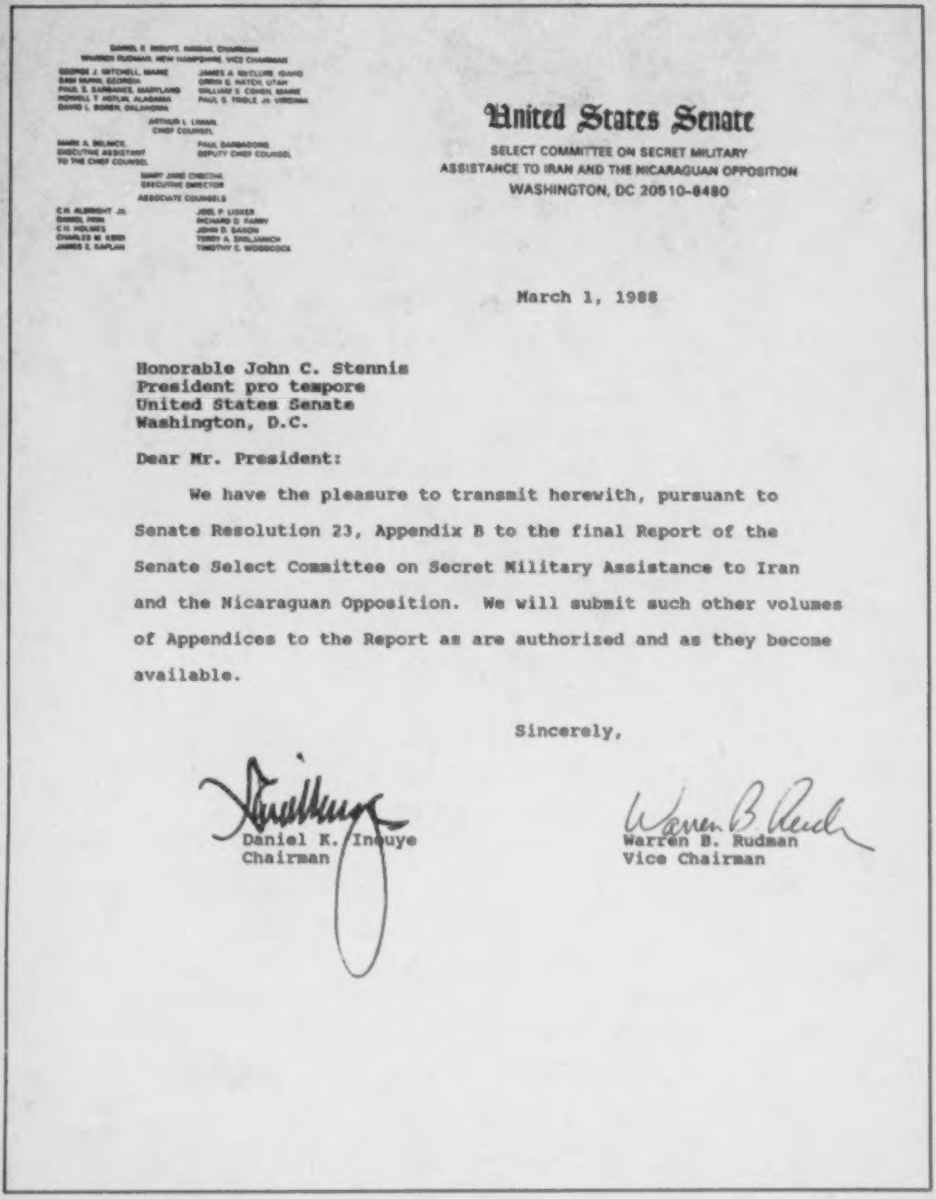
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Warren B. Rudman
Vice Chairman

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Lee H. Hamilton, Indiana, *Chairman*
Dante B. Fascell, Florida, *Vice Chairman*

Thomas S. Foley, Washington
Peter W. Rodino, Jr., New Jersey
Jack Brooks, Texas
Louis Stokes, Ohio
Les Aspin, Wisconsin
Edward P. Boland, Massachusetts
Ed Jenkins, Georgia

Dick Cheney, Wyoming, *Ranking Republican*
Wm. S. Broomfield, Michigan
Henry J. Hyde, Illinois
Jim Courter, New Jersey
Bill McCollum, Florida
Michael DeWine, Ohio

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

United States Senate

Select Committee on Secret Military Assistance To Iran and the Nicaraguan Opposition

Daniel K. Inouye, Hawaii, *Chairman*
Warren Rudman, New Hampshire, *Vice Chairman*

George J. Mitchell, Maine
Sam Nunn, Georgia
Paul S. Sarbanes, Maryland
Howell T. Heflin, Alabama
David L. Boren, Oklahoma

James A. McClure, Idaho
Orrin G. Hatch, Utah
William S. Cohen, Maine
Paul S. Trible, Jr., Virginia

Arthur L. Liman
Chief Counsel

Mark A. Belnick
Executive Assistant To the Chief Counsel

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Majority Staff

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Special Deputy Chief Counsel	Charles Tiefer
Staff Counsels	Kenneth M. Ballen Patrick J. Carome V. Thomas Fryman, Jr. Pamela J. Naughton Joseph P. Saba
Press Liaison	Robert J. Havel
Chief Clerk	Ellen P. Rayner
Assistant Clerk	Debra M. Cabral
Research Director	Louis Fisher
Research Assistants	Christine C. Birmann Julius M. Genachowski Ruth D. Harvey James E. Rosenthal
Systems Administrator	Catherine L. Zimmer
Systems Programmer/ Analysts	Charles G. Ratcliff Stephen M. Rosenthal
Executive Assistant	Elizabeth S. Wright
Staff Assistants	Bonnie J. Brown Christina Kalbouss Sandra L. Koehler Jan L. Suter Katherine E. Urban Kristine Willie Mary K. Yount

Minority Staff

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

Associate Minority Counsel	Robert W. Genzman
Assistant Minority Counsel	Kenneth R. Buck
Minority Research Director	Bruce E. Fein
Minority Staff Editor/Writer	Michael J. Malbin
Minority Executive Assistant	Molly W. Tully
Minority Staff Assistant	Margaret A. Dillenburg

Committee Staff

Investigators	Robert A. Bermingham James J. Black Thomas N. Ciehanski William A. Davis, III Clark B. Hall Allan E. Hobron Roger L. Kreuzer Donald Remstein Jack W. Taylor Timothy E. Traylor
Director of Security	Bobby E. Pope
Security Officers	Rafael Luna, Jr. Theresa M. Martin Milagros Martinez Clayton C. Miller Angel R. Torres
Editor	Joseph Foote
Deputy Editor	Lisa L. Berger
Associate Editor	Nina Graybill
Production Editor	Mary J. Scroggins
Hearing Editors	David L. White Stephen G. Regan
Printing Clerk	G. R. Beckett

Associate Staff

Representative Hamilton	Michael H. Van Dusen Christopher Kojm
Representative Fascell	R. Spencer Oliver Bert D. Hammond Victor Zangla
Representative Foley	Heather S. Foley Werner W. Brandt
Representative Rodino	M. Elaine Mielke James J. Schweitzer
Representative Brooks	William M. Jones
Representative Stokes	Michael J. O'Neil Richard M. Giza
Representative Aspin	Richard E. Clark Warren L. Nelson
Representative Boland	Michael W. Sheehy
Representative Jenkins	Robert H. Brink
Representative Broomfield	Steven K. Berry David S. Addington
Representative Hyde	Diane S. Dornan
Representative Courter	Dennis E. Teti
Representative McCollum	Tina L. Westby
Representative DeWine	Nicholas P. Wise
General Counsel to the Clerk	Steven R. Ross

United States Senate

Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition

Arthur L. Liman
Chief Counsel

Mark A. Belnick
Executive Assistant to the Chief Counsel

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

Associate Counsels

C. H. Albright, Jr.
Daniel Finn
C. H. Holmes
James E. Kaplan
Charles M. Kerr
Joel P. Lisker
W. T. McGough, Jr.
Richard D. Parry
John D. Saxon
Terry A. Smiljanich
Timothy C. Woodcock

Committee Staff

Assistant Counsels	Steven D. Arkin*
	Isabel K. McGinty
	John R. Monsky
	Victoria F. Nourse
Legal Counsel	Philip Bobbitt
Intelligence/Foreign Policy Analysts	Rand H. Fishbein
	Thomas Polgar
Investigators	Lawrence R. Embrey, Sr.
	David E. Faulkner
	Henry J. Flynn
Press Assistant	Samuel Hirsch
General Accounting Office Detailees	John J. Cronin
	Olga E. Johnson
	John C. Martin
	Melinda Suddes*
	Robert Wagner
	Louis H. Zanardi
Security Officer	Benjamin C. Marshall
Security Assistants	Georgiana Badovinac
	David Carty
	Kim Lasater
	Scott R. Thompson
Chief Clerk	Judith M. Keating*
Deputy Chief Clerk	Scott R. Ferguson
Staff Assistants	John K. Appleby
	Ruth Balin
	Robert E. Esler
	Ken Foster*
	Martin H. Garvey
	Rachel D. Kaganoff*
	Craig L. Keller
	Hawley K. Manwarring
	Stephen G. Miller
	Jennie L. Pickford*
	Michael A. Raynor
	Joseph D. Smallwood*
	Kristin K. Trenholm
	Thomas E. Tremble
	Bruce Vaughn
Administrative Staff	Laura J. Ison
	Hilary Phillips
	Winifred A. Williams*
Secretaries	Nancy S. Durflinger
	Shari D. Jenifer
	Kathryn A. Momot
	Cindy Pearson
	Debra S. Sheffield*
Receptionist	Ramona H. Green
Computer Center Detailee	Preston Sweet

Committee Members' Designated Liaison

Senator Inouye	Peter Simons
Senator Rudman	William V. Cowan Thomas C. Polgar
Senator Mitchell	Richard H. Arenberg
Senator Nunn	Eleanore Hill Jeffrey H. Smith
Senator Sarbanes	Frederick Millhiser
Senator Heflin	Thomas J. Young
Senator Boren	Sven Holmes Blythe Thomas
Senator McClure	Jack Gerard
Senator Hatch	Dee V. Benson James G. Phillips
Senator Cohen	James Dykstra L. Britt Snider
Senator Trible	Richard Cullen

Part Time*

Assistant Counsel	Peter V. Letsou
Hearings Coordinator	Joan M. Ansheles
Staff Assistants	Edward P. Flaherty, Jr. Barbara H. Hummell
Interns	David G. Wiencek Nona Balaban Edward E. Eldridge, III Elizabeth J. Glennie Stephen A. Higginson Laura T. Kunian Julia F. Kogan Catherine L. Udell
Document Analyst	Lyndal L. Shaneyfelt
Historian	Edward L. Keenan
Volunteers	Lewis Liman Catherine Roe Susan Walsh

---

*The staff member was not with the Select Committee when the Report was filed but had, during the life of the Committee, provided services.

Contents

Volume 12

Preface XXI
George, Clair 1
Godard, Ronald D 173
Godson, Roy S 199
Golden, William 375
Gomez, Francis D 440
Goodman, Adam 635
Gorman, Paul F 821
Graham, Daniel O 971
Gregg, Donald P 1045
Gregorie, Richard D 1147
Guillen, Adriana 1199

Depositions

Volume 1

Airline Proprietary Project Officer.
Alvarez, Francisco J.
Allen, Charles.
Arcos, Cresencio.

Volume 2

Armitage, Richard.
Artiano, Martin L.
Associate DDO (CIA).
Baker, James A., III.
Barbules, Lt. Gen. Peter.
Barnett, Ana.
Bartlett, Linda June.
Bastian, James H.
Brady, Nicholas F.
Brown, Arthur E., Jr.

Volume 3

Byrne, Phyllis M.
Calero, Adolfo.
Castillo, Tomas ("W").
Cave, George W.
C/CATF.

Volume 4

Channell, Carl R.
Chapman, John R. (With Billy Ray Reyer).
Chatham, Benjamin P.
CIA Air Branch Chief.
CIA Air Branch Deputy Chief.
CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
CIA Identity "A".

Volume 5

CIA Officer.
Clagett, C. Thomas, Jr.
Clark, Alfred (With Gregory Zink).
Clarke, George.
Clarridge, Dewey R.
Cline, Ray S.
C/NE.
Cohen, Harold G.

Volume 6

Collier, George E.
Cole, Gary.
Communications Officer Headquarters, CIA.
Conrad, Daniel L.

Volume 7

Cooper, Charles J.
Coors, Joseph.
Corbin, Joan.
Corr, Edwin G.
Coward, John C.
Coy, Craig P.
Crawford, Iain T.R.

Volume 8

Crawford, Susan.
Crowe, Adm. William J.
Currier, Kevin W.
DCM, Country 15.
DEA Agent 1.
DEA Agent 2.
DEA Agent 3.
deGraffenreid, Kenneth.
de la Torre, Hugo.
Deputy Chief "DC".

Volume 9

Deumling, Robert W.
DIA Major.
Dietel, J. Edwin.
Dowling, Father Thomas.
Dutton, Robert C.
Earl, Robert.

Volume 10

Farber, Jacob.
Feldman, Jeffrey.
Fischer, David C.
Floor, Emanuel A.
Former CIA Officer.
Fraser, Donald.
Fraser, Edie.
Fuller, Craig L.

Volume 11

Furmark, Roy.
Gadd, Richard.
Gaffney, Henry.
Gaffney, Henry (With Glenn A. Rudd).
Galvin, Gen. John R.
Gantt, Florence.
Garwood, Ellen Clayton.
Gast, Lt. Gen. Philip C.
Gates, Robert M.
Glanz, Anne.

Volume 12

George, Clair.
Godard, Ronald D.
Godson, Roy S.
Golden, William.
Gomez, Francis D.
Goodman, Adam.
Gorman, Paul F.
Graham, Daniel O.
Gregg, Donald P.
Gregorie, Richard D.
Guillen, Adriana.

Volume 13

Hakim, Albert.

Volume 14

Hall, Wilma.
Hasenfus, Eugene.
Hirtle, Jonathan J.
Hooper, Bruce.

Hunt, Nelson Bunker.
Ikle, Fred C.
Jensen, D. Lowell.
Juchniewicz, Edward S.
Kagan, Robert W.
Keel, Alton G.
Kellner, Leon B.
Kelly, John H.
Kiszynski, George.

Volume 15

Koch, Noel C.
Kuykendall, Dan H.
Langton, William G.
Lawn, John C.
Leachman, Chris J., Jr.
Ledeen, Michael A.

Volume 16

Leiwant, David O.
Lilac, Robert H.
Lincoln, Col. James B.
Littledale, Krishna S.
McDonald, John William.
McFarlane, Robert C.
McKay, Lt. Col. John C.
McLaughlin, Jane E.

Volume 17

McMahon, John N.
McMahon, Stephen.
McNeil, Frank.
Makowka, Bernard.
Marostica, Don.
Marsh, John.
Mason, Robert H.

Volume 18

Meese, Edwin III.
Melton, Richard H.
Merchant, Brian T.
Meo, Philip H.
Miller, Arthur J.
Miller, Henry S.
Miller, Johnathan.

Volume 19

Miller, Richard R.

Volume 20

Motley, Langhorne A.
Mulligan, David P.
Nagy, Alex G.
Napier, Shirley A.
Newington, Barbara.
North, Oliver L.
O'Boyle, William B.
Osborne, Duncan.
Owen, Robert W.
Pena, Richard.
Pickering, Thomas.
Poindexter, John M.

Volume 21

Posey, Thomas V.
Powell, Gen. Colin L.
Price, Charles H., II.
Proprietary Manager.
Proprietary Pilot.
Radzimski, James R.
Ramsey, John W.
Ransom, David M.

Volume 22

Raymond, Walter, Jr.
Regan, Donald T.
Reich, Otto J.
Revell, Oliver B.
Reyer, Billy Ray (See John Chapman).
Reynolds, William B.

Volume 23

Richard, Mark M.
Richardson, John, Jr.
Robelo, Alfonso.
Robinette, Glenn A.
Rodriguez, Felix I.
Roseman, David.

Rosenblatt, William.
Royer, Larry.
Rudd, Glenn A.
Rudd, Glenn A. (See Henry Gaffney).

Volume 24

Rugg, John J.
Russo, Vincent M.
Sanchez, Nestor.
Schart, Lawrence.
Schweitzer, Robert L.
Sciaroni, Bretton G.
Secord, Richard V.

Volume 25

Shackley, Theodore G.
Sigur, Gaston J.
Simpson, Major C.
Sinclair, Thomas C.
Singlaub, John K.

Volume 26

Slease, Clyde H., III.
Smith, Clifton.
Sofaer, Abraham D.
Steele, Col. James J.
Taft, William H., IV.
Tashiro, Jack T.
Teicher, Howard.
Thompson, Paul.
Tillman, Jacqueline.

Volume 27

Thurman, Gen. Maxwell.
Trott, Stephen S.
Tull, James L.
Vessey, John.
Walker, William G.
Watson, Samuel J., III.
Weinberger, Caspar.
Weld, William.
Wickham, John.
Zink, Gregory (See Alfred Clark).

Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

UNCLASSIFIED, HSITS 0103 /87 (1

[redacted] [redacted]

Stenographic Transcript of

HEARINGS

r 10

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF CLAIR GEORGE

Friday, April 24, 1987

Partially Declassified/Released on 12-18-87
under provisions of E.O. 12356
by N. Menan, National Security Council

UNCLASSIFIED

4030

Washington, D.C.

[redacted] [redacted]

ALDERSON REPORTING

COPY NO. 1a OF 1 COPIE

(202) 628-9300
20 F STREET, N.W.
WASHINGTON, D. C. 20001

—

DEPOSITION OF CLAIR GEORGE

Friday, April 24, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition

Deposition of CLAIR GEORGE, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 1:15 p.m., the witness having been duly sworn by ANNE P. HOROWITZ, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by ANNE P. HOROWITZ and transcribed under her direction.

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

PAUL BARBADORO, ESQ.
Deputy Chief Counsel
TOM POLGAR
Investigator

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

MICHAEL O'NEILL, ESQ.
Associate Counsel
NICHOLAS WEISS, ESQ.
Associate Staff Counsel

On behalf of the witness:

DAVID PEARLINE, ESQ.
PAGE MOFFETT, ESQ.

UNCLASSIFIED

CONTENTS

WITNESS	EXAMINATION ON BEHALF OF SENATE	EXAMINATION ON BEHALF OF HOUSE
Clair George		
By Mr. Barbadoro	4	
By Mr. O'Neill		120
By Mr. Barbadoro	122	
By Mr. Weiss		128
By Mr. O'Neill		131
By Mr. Barbadoro	144	

EXHIBITS

GEORGE EXHIBIT NUMBER	FOR IDENTIFICATION
1	39
2	39
3	55
4	78
5	84
6	92
7	96

UNCLASSIFIED

P R O C E E D I N G S

WHEREUPON,

CLAIR GEORGE,

called as a witness in this proceeding by counsel for the Senate Select Committee, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE

SENATE SELECT COMMITTEE

BY MR. BARBADORO:

Q Mr. George, when did you first become the DDO?

A On the first of July, 1984, or thereabouts, early July.

Q Can you describe for a novice what your job involves?

A I am the Deputy Director of the Central Intelligence Agency for Operations, which I believe would best be described in the jargon of the United States as the chief of the American overseas spy service.

Q How much of your time did you spend on hostage matters in 1985 and 1986?

A Probably a great deal.

Not only was it an issue of great importance to our Directorate and our agency, particularly our Directorate, because of Bill Buckley, [redacted]

[redacted]

I don't want to say what somebody at the Tower Commission said, but I suppose, like my friend [redacted] I had been involved in terrorist activities and hostage affairs more than most people.

I would not want to say that I spent an hour a day, but I worried a lot about it.

Q When was Mr. Buckley taken hostage?

A He was taken hostage, I don't know, in January or February, 1984, and I came to the conclusion, I felt very strongly and I still believe he probably died in the summer of '85. But I think the intelligence was adequate to believe that he died in the summer of '85.

Q When did you first receive intelligence information that led you to believe that Mr. Buckley may have been killed?

A It was that summer.

I think when we, when Benjamin, when Reverend Weir was released, it sort of put the icing on the cake. There had been a lot of talk of his death, reports here, there.

[redacted]

Now how many people in town knew that, I don't know. But I got the point that I went to either Casey or to McFarlane, or somebody. I said look, we've got to quit screwing around with whether he's dead or alive. We've got to find out.

[redacted]

To me, that was absolute confirmation.

Q Did you try to keep up with what the agency was doing regarding the hostages once Buckley had been taken hostage?

A Yes.

I felt, as I've said to other groups, I think this Directorate, because of its unique overseas responsibilities, plays the lead role, the lead role in doing what it can to help, to assist the American hostages, be they our Chief of Station or some innocent tourist.

[redacted]

and then later starting in, whatever, February or March of 1986, when we established [redacted] [redacted] I think people recognized that not only should I be interested, considering my position, but because of my background, yes, I was.

So I would think I probably was quite aware of most of it.

Q Who in the DO had day to day responsibility for hostage matters?

Who was in charge, the highest ranking DO official that had day to day responsibility for hostage matters?

A Well, I would say that - we're talking strictly [redacted]aul.

Q Uh-huh.

A I would say the Chief of the Near East Division -- other than myself.

Q And in 1984, who would that have been?

A Well, let's see. [redacted] I think came back from [redacted] -- [redacted]

Q And who replaced [redacted]

A [redacted]

Q When was that?

A [redacted] would have been in March of 1985. Excuse me, 1986, I'm sorry.

Q What is the Hostage Location Task Force?

A The Hostage Locating Task Force, with which I was involved with Ollie North and John Poindexter, was an outgrowth -- and you guys are going to have to tell me the time, because I really don't know -- two years ago, three years ago -- was a decision that there was no single government entity that was responsible for collecting and collating all the information on the Beirut hostages and trying to make sense out of it.

DEA would hear from an informant involved in the drug traffic.

You have to remember that by 1984 -- well, I don't know about 1984, but certainly by 1985, the world knew the hostages were a major issue to this country, and everybody was peddling hostage information. Everybody had a hostage angle.

And our friendly liaison services had hostage angles, and our enemies had hostage angles.

And so, we decided -- and I remember talking to Ollie and to John and, I'm sure, to Bill Casey, that we should establish a central, multi-agency group, meeting somewhere -- again, wherever we can find office space, like today -- to put it all together.

And we named a guy called [redacted] who at that time was probably [redacted] which has different names, but for our purposes, Paul, to be the chief of the Hostage Locating Task Force.

And it would meet weekly, would sift through what was available, and it had a slight operational role, which was that if there were, if Immigration and Naturalization, DEA, Customs, had some kind of lead, it could advise them operationally what we would possibly want them to do.

Q How does the Hostage Location Task Force interact with the Chief of the Near East Division regarding the hostages? [redacted]

A We're talking bureaucracy. You had the same bureaucratic conflict with the Hostage Location Task Force and NE that you had then beginning in March, 1986, between [redacted] an[redacted]

These are very complicated problems in terms of boring subject, government bureaucracy, who is in charge of what.

The Hostage Locating Task Force was --

[Pause]

A The establishment of the Hostage Locating Task Force in 1984 or 1985, I forget -- 1984, I suspect -- when it was established, Paul, it was sort of like, again, the problems with [redacted] and NE. I had to define the territory, and I defined the territory for the Hostage Locating Task Force as that information and material that related specifically to the hostages.

That cut out a big hunk of NE's turf. But if you are going to manage an organization as big as ours, you're going to have to sort of get them to work together and get them to agree where their turf is. And that was a problem then, as it was later a problem with the [redacted] and NE Division -- who was in charge of what, when does an agent suddenly stop being a responsibility of an operating division and become the responsibility of the staff.

Q Was Charlie Allen ever a member of the Hostage Locating Task Force?

A Up until establishment of [redacted] I cannot remember that he was.

I couldn't swear to that. I mean, I didn't follow the membership weekly.

Q Was [redacted] the only CIA member?

A No, no.

[Pause]

[Discussion off the record]

A We're talking about the Hostage Locating Task Force that was established in 1984, to centralize the government's problems with the Beirut hostages.

I can't -- no, there had to be somebody else. But I'm sorry, Paul, I don't remember who it was.

Q And if there was an operation aimed at recovering the hostages, who would coordinate the operation? The NE Division or the Hostage Locating Task

Force?

A Oh, I would not let an operation just "happen." Ideal management would still be my principle. We would not allow an "operation" to take place. You're really going to go out and "operate" without both of those entities knowing about it.

First of all, NE had the area expertise. Those are where the stations are. Those are where the bosses are.

If you are going [redacted] you are going to have [redacted] If you're working [redacted] [redacted] you've got [redacted]

So the task force, generally, at that point was a staff.

Q I want to switch subjects, but, again, talk in general terms about something.

How much time did you spend in 1984, 1985, 1986, on matters relating to the Contras?

A As Michael O'Neill will swear, starting in 1982, there has probably been no other subject in which more time and energy was spent, both in this job and in the job I had before this one and in the job I had before that one, emotion, concern, controversy, and anything under the sun, in the last five years at least, than the Contras.

I would be less than honest to say that I must have spent a hell of a lot of time on the Contras.

Q How frequently would you meet with the Chief of the LA Division to discuss Contra matters?

A I saw all division chiefs at least once a week for an hour, a half hour or an hour -- Dewey Clarridge, [redacted] Obviously I was not the DDO under all of that time. But you'd meet regularly.

The Contra issue, as a management problem, is so complicated, not only in the field -- who are these people and what are they doing -- but back in Washington -- who are all of us and what are we all doing, that I would never think that any guy in my job [redacted] before me and John McMahon as my boss, Bob Gates as my boss, would really ever manage all the details. But you would do your best almost -- certainly weekly, if not more often, to try to get the big picture of it.

Q How frequently would you meet with the head of the Central American Task Force?

A Well, the first head of the Central America -- when I was the ADDO, which is deputy to this job, and, again, I am not in control of the situation as the ADDO, so I am showing up to meetings when the DDO calls meetings, unless he is out of town. I remember meeting quite frequently with [redacted] the guy who is now head of LA. He was head of that task force. And I went away. I went off to the Congressional account.

And I didn't know [redacted] that well. But I had met with [redacted] a lot. I was partly instrumental in putting him where he is.

It was a big decision for us, John McMahon and I, particularly in the late summer - early fall, of 1984 -- who's going to run this thing and who's the guy we're going to pick?

I have done my best to be as helpful and as cooperative with [redacted] and the burden he has carried as I could be.

Q When did Dewey Clarridge leave the LA Division?

A Well, let me throw a day out. He left in September, 1984. He left soon after I took this job. I know that for a fact.

Q And isn't it true that [redacted] left the CIA around the same time?

A They left together.

Q Also around that time, [redacted] changed, did it not?

A [redacted] replaced -- I'm sorry, whomever -- that summer.

[redacted] went to [redacted] the summer I took this job, an assignment that I had not been involved in. But I knew o[redacted] and [redacted] went to [redacted]

So that all took place that summer.

Q Also [redacted] was changed around that time.

A [redacted] I think [redacted] went down in 1985 to replace -- tell me. I mean, I'm sorry.

MR. POLGAR: 1984 -- June, 1984, more or less.

THE WITNESS: He took [redacted] job, is that right, Tom?

MR. POLGAR: Yes.

BY MR. BARBADORO (RESUMING):

Q So, between June and September, of 1984 --

A The whole team changed.

Q The whole team changed?

A That's right.

Q Is that a usual thing in CIA, to change a whole team at one time?

A It is very usual. And when you are running a service that is based on overseas service, a very complicated local service, responsibilities, you often get into a fix --we face it all the time -- with the ambassador screaming at us, that our chief, our deputy, and the number three guy will all leave.

This, however, was a total coincidence.

John McMahon and I decided that Dewey had so many problems on the Hill, as Michael will remember, that it was critical to get him out of that job.

We went -- John and I talked about it a great deal that summer, and John and I went to Casey, and Casey agreed, and we brought in [redacted]

We moved Dewey to Europe. We moved [redacted] and -- la-la-la.

[redacted] sort of left simultaneously, and I don't quite know how.

Q He was removed before his tour was completed?

A Who [redacted]

Q

A Okay, you've got me now.

Q Do you know why he was removed?

A No, I don't. I'm sorry, I don't.

I don't know that.

I know he was gone. I know he was looking for a job, and I know that without my intervention, which would have helped, he ended up [redacted]

Q You, then, were not involved in making a decision to replace [redacted]

A I could have been. I can't recall.

Q You can't recall that?

How about the decision to bring in [redacted] [redacted]

He had had no previous experience in Latin America. Why was he chosen to replace [redacted]

A Because in my mind then as now, he was one of the most single, competent case office managers and directors, and the ability to manage the most complex, difficult, controversial program in the directorate was more important than the background and knowledge.

Now you -- we'll you'll ask me. Go ahead.

Q Around the same time that this team was changed, there was also a change in the way the CIA could function in Central America. That is, the money had run out and the CIA was going to be out of the business because of Boland.

A Boland amendment number two, which I am very familiar with, because I did the Congress, the Congressional relationships.

Q Did the change of team have anything to do with the fact that the CIA's role in Central America was changing as a result of Boland II?

A I think it would be better to explain it that we perceived that Boland II had taken place partly because the team that he run it had not handled it well on their own.

Yes, they are related, although they are not sort of cause and effect: we hear Boland II goes into effect and we, therefore, change.

But the relations with Congress, which were terribly difficult and painful for both sides, caused us to sort of say we're going to have some new faces in here. That may have been part of it with [redacted] But I can't remember [redacted]

Q When did you first become aware that the Contras were attempting to obtain aid from third countries?

A Well, as it became evident to all of us who followed it -- and I followed it very closely at that point with the Congressional side -- that the Congress was going to vote to stop CIA lethal support, there was general talk everywhere, by everybody, in the course of events as to what will happen to them and will they be able to find support privately.

So, this general idea began to grow at the time, as Mike remembers. The debate grew hotter and more heated and more heated as to is the Congress going to cut off the funds and when it became evident to the White House -- and I was there -- to the White House

Legislative Counsel, who was counting votes one by one -- I mean, this was a vote, boy, where every guy stood up and said exactly where he is. As it looked like they weren't going to win it, the whole general discussion -- of which I was never part of a specific discussion -- was can they go somewhere else to find support -- rich Americans, [redacted] the Conservative Party, you name it.

Q Was there discussion in the agency about how they were going to support themselves?

A Oh, I think anybody associated with the Contras was -- I don't remember sitting down with Dewey Clarridge and [redacted] or even Bill Casey and saying how are we going to get, how are we or how are they, but it was, geez, this is an active military force. It's in the field, operating.

The legislative advisors to the President are arguing if he is serious about supporting them, that they will not stop fighting another year for money. This wasn't one of these votes where, I'm very sorry, but the abortion vote is over and we can't bring it up again. It was we will come back and vote again.

It was always as it is today, that the President will never stop, rightly or wrongly, pushing for support, military support, through us to the Contras.

So, Boland I, when the argument was to overthrow the Government of Nicaragua is illegal, and Boland II -- I mean, these are not the technical names. I am using this as the jargon titles -- which was no military support, and Boland III, which was the most complex of all, which was you can do this and not that, and that but not this, and you can supply this but not that.

All through there, the administration position was we're going to get the agency back into this thing. It's sort of saying well, how will they continue then if there is no agency?

Well, they'll go out and get some money.

Q Do you recall anybody in the OGC being asked to do research on whether anyone in the CIA could solicit aid for the Contras from third countries?

A I don't.

Q Was there any specific discussion in 1984 in the agency concerning soliciting third countries for aid?

A It's critical to remember that with each of these laws, the discussion was intense and detailed as to what is the CIA allowed to do.

It was certainly detailed with me because I am the guy, after I became DDO, and even in the other jobs, who has to worry about the legalities of our positions. What the hell does the law mean if it says we're not allowed to overthrow the Government of Nicaragua, and yet, we're down there making war?

How much war do you make before you are not overthrowing the government? At the point when there is no more aid, but the White House says we're going to go back and fight for it again, I'm sure there is a discussion -- well, if we can't give aid and we have good relations overseas, could we go to [redacted] and ask for money.

Those debates went on continuously, and were reviewed, and I'm sure probably reviewed by OGC, although I don't remember specifically.

Q Do you recall specific discussions about people in the CIA going to third countries to get aid for the Contras in 1984?

A No.

I remember discussions of were they allowed. And I think that the decision was made that we were not allowed.

Q Do you remember who told you that or who made that decision?

A No.

Q Do you know whether anybody in the CIA did contact any foreign governments to determine whether these foreign governments would be interested in giving aid to the Contras in 1984?

A No. Never.

Q In October of 1984, you became aware that Adolfo Calero had gone [redacted] to solicit aid, didn't you?

A I didn't. I mean, I may have known, but I don't remember.

It may have been public knowledge, but I don't remember it.

Q Well, unfortunately, I can't show it to you because the NSC wouldn't let me take it here. But I will represent to you that the NSC has a TD that you signed on October 12 and two more on October 15, that describe a meeting or meetings that Adolfo Calero had with [redacted] to discuss the possibility of receiving aid.

Does that ring a bell to you?

A Let me make one thing perfectly clear here.

I have to tell you what I told the Tower Commission and the SSCI guys.

It's like every State Department telegram says "Shultz." Please, just because my name's on it --

Q I understand. I understand that.

A If I signed a TD that said Calero went to look for aid [redacted] I'm sure I signed it. But, so help me god, I don't remember it.

Q So you have no memory --

A I do not remember that incident at all -- period.

MR. O'NEILL: Excuse me. Was this a TD or a memorandum of dissemination?

MR. BARBADORO: It's a TD.

MR. POLGAR: But it must be a memorandum of dissemination.

THE WITNESS: TD's are the electric things, Paul, that don't have anybody's name on them. But, I mean, the Tower Commission suddenly whipped something in front of me and said did you sign this, and I'm sorry, I'm not showing off, but I said oh, god, I don't know.

BY MR. BARBADORO [RESUMING]:

Q Let me ask you about something related to that.

Do you have any recollection of a solicitation that General Singlaub made in January of 1985 to [redacted] for aid to the Contras?

A There has recently been a series of cables from [redacted] in which he categorically stated that the accusations made by Christ knows whom, that he had helped Singlaub solicit funds from [redacted] is untrue. And it's possible that he said in that that he, that everybody knew Singlaub was there and what Singlaub was doing there. And he reported that at the time, and asked for our advice.

Please allow me to check the record, but I am close to this.

He asked for our advice.

[redacted] And we went back with a cracker saying you stay away from this.

You see, the day that Boland II passed, which was effective, I think, Michael, the first of October, 1984 --

MR. O'NEILL: Right.

THE WITNESS: We sent out, I mean, I had been in Congressional Relations. [redacted] is new. John McMahon is concerned as hell. We sent out a message that s~~ent~~aid boy, if you see anybody coming around, looking for funds for the Contras, head for the hills.

BY MR. BARBADORO: [RESUMING]

Q So you would have told anybody in the CIA that was contacted about soliciting funding for the Contras, your message was you can't do it, don't participate in

it?

A That's my message. That's my message, as far as I remember it.

Q Do you recall communicating to Colonel North in late January - early February of 1985, the fact that General Singlaub had gone to [redacted] to solicit assistance for the Contras?

A Me?

Q Yes.

A To Ollie? I could have. I don't remember.

I mean, I talked to Ollie all the time. So I may have told him that.

I can't say I did. I can't say I didn't.

Q When did you meet Oliver North?

A Probably 1983, at the Congressional job. He was attending meetings. It was sort of hi, there, how are you.

Q And when did you start having frequent contact with him?

A Probably soon after I became the DDO, because it soon became evident that Oliver North had been charged by the administration to seek private funding for the Contras. And out of that grew the most complex foreign policy I have ever beheld, and that wasn't a two-track policy. It was a three-track policy.

You've got the State Department conducting normal diplomatic relations -- abnormal-normal diplomatic relations -- with Shultz flying to Managua. You have the series of Motley, and before him, Enders, and assistant secretaries making secret contacts. You have the whole diplomatic world.

Then you had had off and on the Central Intelligence Agency involved with the military side, now cut out of the military sid[redacted]

Now you have the United States Government supporting private funding of the Contras.

So, North becomes a very critical player here, only because North is tripping all over us, or we over him, in Central America, in addition to which if you wanted to deal with hostages, you dealt with North, if you want to deal with terrorism, you dealt with North, if you want to deal with something else -- et cetera.

So, I had relations, not personal at all, but on the phone -- what's this, what's that. It started quite intensely.

Q How frequently would you talk to him on the phone once you became DDO?

A Oh, I would say when he was in town or I was in town, we probably talked on the phone once a week, twice a week.

Q How frequently did you meet with him?

A Meetings? I never met alone with him. If there would be a meeting -- I mean, god, he was at every meeting ever held in the Situation Room. Whatever the subject was, there was Oliver North.

I met with him on many -- not many, but several -- occasions at the agency on both this and the Iranian issue.

Q And you don't recall ever meeting with him alone?

A Oh, I'm sure I met with him alone. But, I mean, most of the meetings that I had with him were in groups. I'm sure I'd sat alone with Ollie.

I've been in Ollie's office in the Old Executive Office Building with him alone. But I don't remember a pattern of meetings alone.

Q You understood Ollie was involved in private fund raising for the Contras?

A Uh-huh.

Q What did you understand his involvement to be?

A That he was raising money from private sources to give to the Contras.

Q Did you understand that he was soliciting money from third countries for the Contras?

A Not really -- well -- most of the time, throughout that affair, Paul, I felt, till the end, that, whereas there was solicitation -- you'd hear about Singlaub, we'd be travelling or something. But I felt most of the money was coming from, I thought right till, I still do, except I guess it isn't true, was coming from private Americans, wealthy private Americans.

Q But did you know that Ollie was specifically contacting third governments or having other people contact third governments?

A Oh, god, he was in touch with very third government. I mean, Ollie would fly to Central America and he would go down with Bud, or he would go with somebody and meet the [redacted]

I don't remember. Ollie travelled. Ollie would be in Europe, Ollie would be here.

Q But do you remember having any, contacting any --

A I do not specifically remember him contacting a third country to seek money, no.

Q Did you know that in 1985, that General Singlaub was working for Ollie on certain matters regarding the Contras?

A No.

Q I want to get back to this General Singlaub meeting with officials from [redacted] and read you something to see if it refreshes your memory. It's from a February 6, 1985 memorandum, from Oliver North to Robert McFarlane.

Our reference is it begins N-7013.

A What's the date again?

Q The date is February 6, 1985. The part that concerns you I will read to you.

A Please.

Q The sentence begins, "Regarding the first matter, as a consequence of General Singlaub's recent trip, [redacted] have indicated that they want to help in a 'big way.' Clair George has withheld the dissemination of these offers and contacted me privately to assure that they will not become common knowledge."

Do you recall doing what Ollie says you did here?

A No, I don't. I would find it most remarkable if I did, but I don't.

Q Do you deny that you contacted Ollie concerning General Singlaub?

A I cannot remember that. I mean, I would be shocked and I would forget that if I had done it.

No, I don't remember that.

Tell me that one more time -- that I knew?

Q I'll read it to you again.

"Regarding the first matter, as a consequence of General Singlaub's recent trip" -- that is, a trip to [redacted] to solicit aid for the Contras -- have indicated [redacted] that they want to help in a 'big way.' Clair George has withheld the dissemination of these offers and contacted me privately to assure that they will not become common knowledge."

A I can't believe that.

I mean, if that means what it says, that the [redacted] told [redacted] -- is that the way you interpret it?

Q That's right, [redacted]

A I don't believe that. I mean, I couldn't. It would be impossible.

We should ask [redacted] I don't believe that.

No, I don't recall that.

Q Let's take this apart, then.

Can you recall then --

MR. PEARLINE: Paul, would it be possible to show it to him?

MR. BARBADORO: I would be happy to show it to him. I've read it to him twice.

BY MR. BARBADORO [RESUMING]:

Q I'll represent to you that the only part of the memo that concerns you is that one paragraph. But you're welcome to look at it.

[Pause]

MR. POLGAR: Off the record.

[Discussion off the record.]

MR. BARBADORO: Back on the record.

THE WITNESS: Are we back on the record?

BY MR. BARBADORO: [RESUMING]:

Q Yes.

A We are back on the record.

No, it makes no sense to me at all.

Q Let me take it apart and talk about the parts of it.

To your knowledge, did your CIA [redacted] ever receive information that General Singlaub had approached [redacted] and requested aid for the Contras?

A I think [redacted] may have known that. And it's possible that [redacted] reported that.

Q What is the basis for your conclusion that they may have done that?

A Memory. It is either a matter of record, or they didn't.

I mean, they cabled in and said Singlaub is [redacted] and Singlaub is seeking money for the Contras. And if we did what we should have done, we cabled back and said have nothing to do with him, it's his business, it's [redacted]

Q Ordinarily, what would you do with that information once you received it, other than to kick it back?

A Probably nothing.

I probably would not disseminate. I mean, if I had a cable in from [redacted] and it said that General Singlaub was [redacted] and he had heard [redacted] that Singlaub was seeking private assistance to the Contras, I would probably not dissem it.

Now, that means I would not make it an official intelligence dissemination. I might share it with Casey, I might share it with the National Security Council.

Q Do you have any recollection of sharing it with Ollie North?

A No, I don't.

Q Is there any reason why you would give the information to Ollie North and withhold dissemination of the offers so that they would not become common knowledge?

A Well, I would assume that if Singlaub was out seeking private funds for the Contras, he was seeking them on behalf of the National Security Council.

Q Why would you assume that?

A Because the National Security Council and Ollie North, we have already said, has been given the responsibility of seeking private funds for the Contras.

Q So, if you would have done what it said in here, you would have done it because you would have assumed that Singlaub was acting on behalf of Ollie North?

A Probably.

Q So that we are clear, you don't have the recollection of --

A Of that incident. But it's not a world I've never heard of.

Q To your knowledge, did [redacted] ever give money to the Contras?

A Not to my knowledge.

Q Did your knowledge, did they ever give money to Ollie North or anybody working with Ollie North

A Not to my knowledge.

Q [redacted] has said that he was asked to give a briefing [redacted] [redacted] about the status of the Contras in 1984.

From whom would he have gotten that instruction, to give that kind of briefing?

A Gee, I don't know, Paul.

[redacted]

Q No. This was while he was head of the Central American Task Force.

A I don't know.

You could ask him.

Q Do you have any recollection of giving such an instruction to [redacted]

A I do not.

I might have, but I do not.

I would not be opposed to asking the chief of our Central American Task Force to brief [redacted] [redacted] on the status of Central America, the Contras, the Sandinistas.

We were briefing people at all times. But I don't remember. I may have, but I do not remember giving that [redacted]

Q Are you aware of any attempt by any United States Government official to solicit aid from [redacted] [redacted] for the Contras?

A No.

[redacted] but I didn't know about it.

Q Do you know whether Director Casey ever approached anybody in [redacted] to request aid for the Contras.

A There was a rumor -- I don't know that. I would find that very unlikely.

I might say here that it was my impression throughout this affair that Director Casey was fully aware of the restrictions on -- as he treated me, he was fully aware of the restrictions on the agency. I would be very surprised if William Casey made a direct approach to any foreign government, because he realized the complexity of the legal situation.

[redacted]

I am familiar with his trips [redacted] and we had our guys with Bill Casey almost 24 hours a day, and he didn't do that.

You know, this is a personal opinion, but I would be shocked if Bill Casey were out soliciting. But I can't say he didn't.

Q Are you aware of a trip that Dewey Clarridge made to [redacted] in 1984?

A Yes, I am.

Q Wasn't one of the things he did when he was in [redacted] to discuss the Contra situation with [redacted]

A He talked to [redacted] about Central America [redacted]

Q Did they talk to you about the possibility of giving aid to the Contras?

A I do not remember that.

Q Was Mr. Clarridge given the assignment to go to [redacted] to discuss the possibility of obtaining aid for the Contras?

A Not by me, and not to my knowledge.

Q And do you know whether he asked for

assistance for the Contras when [redacted] there?

A I can't believe he did because the meetings he attended he attended with [redacted] and I would have heard about it.

Q When do you first recall hearing General Secord's name?

A I met Secord -- I didn't tell the SSCI. Secord was in the room on Saturday, the --

Q Eighteenth of January?

A Eighteenth of January.

Q Was that the first and only time you've met him?

A And only time I met him. So I had not heard about him.

Q Had you ever talked to him prior to that date?

A Never -- never again.

I was introduced as,"General Secord, this is Clair George. General Secord is a consultant to the National Security Council." I said whoopie.

Q General Secord's name and his association with Edwin Wilson and that group is now well known.

A Uh-huh.

Q Prior to the publication of the Iran arms deal, did you know that Secord was associated with Wilson in any way?

A Yes. I knew it, from the Inspectors General at the agency and gossip in the halls. And then I knew it from not Maas's book but the first Wilson book, the name of which -- I knew Secord.

MR. POLGAR: "Death Merchant."

THE WITNESS: "Death Merchant." And I knew Secord was part of that.

To answer a question that has not been asked, I brought all of this to Bill Casey's attention and so did Stanley Sporkin, and so did John McMahon, and that was that.

BY MR. BARBADORO: (Resuming)

Q I want to get into that.

It's fair to say you were concerned about this Iran arms initiative for several reasons. One of them was the involvement of Secord, isn't that right?

A That's right.

Q I want to get into that a little bit.

A I want to make it clear on behalf of Mr. Secord that I was not holding any information that he was legally guilty of something. It was just a name that had been associated with problems for the Central Intelligence Agency.

Q I want to talk about something a little bit earlier, and that was the information that was obtained by the CIA in March of 1985, that General Secord was involved in a purchase of arms for the Contras from [redacted]

Do you recall getting information in March that General Secord was involved in obtaining weapons for the Contras from [redacted]

A Paul, we had several reports of Secord and Singlaub free-booting it around the world, and I'll be damned if I can remember that.

I think on one of them, there was a lot of reporting. It may have been [redacted] that he wanted things shipped and he didn't want them shipped, and he got them, or he didn't get them.

I'll show you some cables.

Q Please

MR. BARBADORO: I'd like to mark as George Exhibit 1 the cable dated 5 March, 1985.

[The document referred to was marked George Exhibit No. 1, for identification.]

MR. BARBADORO: And as George Exhibit 2, a memorandum for Assistant to the President for National Security Affairs, not dated, signed by Clair George.

[The document referred to was marked George Exhibit No. 2, for identification.]

THE WITNESS: Question: do we know if I really signed it? I mean, my name is on all of them.

BY MR. BARBADORO: (Resuming)

Q I understand.

A You don't know?

Q As far as I know, that was obtained from the CIA. I believe it's a copy of what actually went to the Assistant to the President.

A All of those have my name typed at the bottom, and some I signed and some I didn't. I don't remember.

Q I think this is -- and we are speaking now of George Exhibit No. 2 -- that this is a CIA copy of a memorandum that went over to the Assistant for National Security Affairs.

A I do not recall either of these documents.

Let me retract that.

I do remember something about a [redacted] But I don't remember that one. And I don't remember what I remember.

Q Mr. George, isn't it true that one of your interests in 1985 was how the Contras were obtaining arms?

A One of my interests? What do you mean?

Q Isn't that one of the things that you were concerned with in your job as Deputy Director for Operations?

A Well, I don't think that quite states it fairly.

Q Well, I don't want to put words in your mouth.

A There is a great debate whether we had any interest in that subject.

The accusation is generally why did you not investigate that subject more closely in 1985.

To answer your question, did I, Clair George, have great personal interest in how they were getting their arms, yes. I was sort of like everybody else in town -- how the hell were they getting their arms?

Did I, Clair George, Deputy Director of Operations, consider it to be a critical intelligence collection activity? The answer was no.

Q Wouldn't it be important to you to know that the Contras were receiving SA-7 missiles?

A Yes. And I think we had -- in fact, I know from [redacted] -- that we had a pretty good picture of what the arms were, of what they were receiving. But I would not want to say that it was a very big, important issue on my plate.

Q Having looked at George Exhibits Nos. 1 and 2, do you recall whether you knew in March of 1985 that

General Secord was involved in purchasing SA-7 missiles and other weapons for the Contras?

A I can't remember that, Paul.

I mean, I knew, again -- it's very important -- I knew the White House, through Oliver North -- and I have already met at this point Secord, so I know he's in this game -- are out in the arms business.

Q This is 1985.

A This is 1985? Oh, I'm sorry.

Q It's 1985. You wouldn't have met them until 1986.

A Oh, I'm sorry.

I knew Oliver North was out in the arms business, and I must have assumed, and I would certainly not have been surprised that Secord may be assisting him.

I certainly knew and would not have been surprised that Singlaub was assisting him because the game was for the White House to get private support for the Contras.

Q In 1985, you knew Oliver North was involved in raising money for the Contras, you thought primarily from private Americans.

A Uh-huh.

Q Did you also know around that time that North was playing a role in obtaining weapons for the Contras?

A Well, the way it works is you get the money. Now if you work under the theory that we now know isn't the way it really worked, rich private Americans give you a lot of money. Now you can't go buy weapons in the United States, for a variety of discrete security and good taste and legal reasons, so you go abroad and work the international arms market [redacted]

So if Oliver North were to have got a lot of money -- and it was assumed he was getting some because the arms were going to the contras and somebody was paying for it -- we assume that Oliver North is using someone to work the international arms market. We now know that's all true.

Q Did North ever say anything to you about that?

A North never discussed that with me.

Q And you never asked him about it?

A No, I didn't ask him about it.

Q What I'm getting at here is I'm trying to determine when you first knew that Secord was involved in supplying the contras.

A To answer that fairly, I must have known then, if I read that cable, and I would have, I think, Paul, to be as honest as I can be, that if I would have read a cable that Dick Secord was overseas buying a lot of arms for the contras that I would have probably assumed at the time that that was part of the deal.

Q When did you know that Secord and North were associated together in their efforts on behalf of the contras?

A Well, my mind is so riveted on the day when I saw them both standing there together that I might have to say if there was ever any question, that was the day, in the White House situation room.

Q When did you learn that Secord was associated with the private benefactor, what's been called the private benefactor resupply effort in the spring of '86?

A Geez. I don't know. I suppose I found out when it sort of became public.

Q Which was? I mean not until after November of '86?

A November, October. I may -- well, let's not-- I could say ask [redacted] Maybe he knew. He was down there somewhere. Everybody -- Secord, Singlaub, they are here, they are there. You don't need a Ph.D. to figure out that they are using money to go buy arms, we think.

Q When did you first hear the term "private benefactors"

A Probably in the spring of '86. I never heard it quite so -- you know, they were people up to then. To get your own title probably took place in the spring of '86.

(Laughter.)

Q Who did you understand these people to be?

A Well, I sort of understood them to be more of the crowd that was increasingly successful gathering arms on behalf of the White House for the contras.

Q Did you know any names?

A Hasenfus I found out later was one of them; Felix Rodriguez. I mean, Paul, I don't dig down into that thing that deeply.

Q Let me ask you the question directly. Did you know that Oliver North was working with these people who had been called the private benefactors?

A I assumed it all along, absolutely.

Q And did you ever receive any direct evidence that he was?

A No, because this is a very important point for which Michael has heard the arguments, the Agency can be criticized. We were so concerned that we were enjoined by the law of 1 October 1984 from giving any support to the contras that the subject was so emotional and controversial that we went out of our way and tried not to learn what was going on.

We also have -- and I have said this to a variety of people in various testimonies -- you've got to remember that you can't take your spy agency and beat it around the ears for a decade to stay away from Americans, don't report on them, don't do this, don't do that -- if you see one coming, go somewhere else -- and then jump all over us because we are not reporting on Americans. That's not a totally fair argument, but within some emotional degree it's not that bad.

MR. MOFFETT: Clair, do you need a break right now? Would you like to take a couple of minutes?

MR. BARBADORO: Let's take a little break.

(A brief recess was taken.)

BY MR. BARBADORO: (Resuming)

Q Mr. George, a couple more questions about George Exhibits 1 and 2. On George Exhibit 1 there are some cryptonyms at the top. Can you just tell me what those are?

A Well, [redacted] means that it's more secret than most things, and I have no idea in the world what any of the others are.

(Laughter.)

Tom's an old expert. Tom, if you know, you'll have to come back to work.

MR. POLGAR: Well, I wouldn't do that.

(Laughter.)

UNCLASSIFIED

THE WITNESS: Just because we have cryptonyms doesn't mean we know what they mean, Paul.

MR. POLGAR: The first one means that it's business of the Directorate of Operations.

THE WITNESS: [redacted] You are worse than that. I knew that.

MR. POLGAR: The [redacted] means [redacted] [redacted] somehow, because it comes from

THE WITNESS: It is a [redacted]. [redacted] They have a whole series of cryps.

MR. POLGAR: The other three I would take to mean refer somehow to the project, operation cryptonyms. They all start with [redacted] You should know what [redacted] is for.

THE WITNESS: That is what you lawyers are there for.

MR. POLGAR: Is that [redacted] now?

MR. PEARLINE: [redacted]

MR. POLGAR: Yes, [redacted]

THE WITNESS: That is the last time Paul is going to ask that question.

MR. POLGAR: They are distributional indications.

UNCLASSIFIED

MR. PEARLINE: Maybe it's [redacted]

(Laughter.)

BY MR. BARBADORO: (Resuming)

Q I will drop that line of questioning. Let me ask you about George Exhibit 2. I have been told that it's unusual that this kind of memorandum would be sent only to one person. This one is sent to the Advisor for National Security Affairs. Do you know why that would have been sent to only one person?

A I would suspect -- let's see. What is the date here? What did we say the date is?

Q It refers to this cable in March of '85.

A I would suppose this was sent privately to Bud McFarlane because we presumed Bud McFarlane in the National Security Council may be involved in it.

Q Okay. Just so we are clear, tell me the basis for that assumption.

A The National Security Council has -- I was not there, but everybody above GS-10 knows the National Security Council has been charged with seeking private support for the contras. This is no secret. The CIA runs across a piece of intelligence that says somebody somewhere is buying arms on behalf of somebody from the contras.

Now what does CIA do when it has intelligence that specifically refers to something? We have information that the President of a country dislikes George Shultz, so we will send it to George Shultz, eyes only. If we find out that the Chairman of the Joint Chiefs has made an ass of himself on his trip to France, we'll send it to him only.

I presume, Paul, we sent it to Bud McFarlane because someone presumed that he would be the guy that knew something about it.

Q All right. How did you think the southern front military commanders were going to survive during the period of Boland II?

A I honestly can't answer that. I mean, I don't know. I don't know what you mean, I guess.

Q The reason I ask is I sat through a deposition with [redacted] and watched a 20-year CIA agent break down [redacted] when he discussed the condition of the southern front. It was obvious to me that he felt a great deal of responsibility for those southern front commanders.

A Absolutely.

Q They were in the field. They weren't being supplied. They were getting sick. They were going without food. They were going without weapons. What I want to know is what did you think was going to happen to these people that the CIA played a role in sending out into the field?

A Well, let's be very honest now with each other. The Congress had cut off the support.

Q I'm not blaming. I don't mean to blame the CIA.

A I've been through this thing now for a long, long time. I wish them well, Paul. It's a very complicated life here in Washington. It's going to happen again. We're going to get about [redacted] in there [redacted] and then we're going to cut off the aid again. There's going to be another [redacted] There are going to be people in tears. But I'm not here to give a lecture on foreign affairs. We've got to get it straight.

We can't get in these things. [redacted] We have done it in Nicaragua. And I'm not even arguing it was the right thing to do at that stage. That's ever man's political position. But I have been at this a long time, and if there's a criticism of this country that should be leveled at it in the world of foreign affairs, it's that you can't count on us.

And there's a good argument. Michael knows better than I that we probably shouldn't get into the goddam things even if they are wrong. Of course, I worry. I worry about the people and I can understand [redacted] full well.

What did Clair George think? Clair George thought holy God, here we are again. Another mess.

Q But you knew that there was nothing you could do unless Congress was willing to vote more aid?

A See, coming out of a Congressional job gave me a different approach than many of the guys in the Directorate in that I appreciated the dynamics of the Congress. I appreciated the opposition in the Congress and I appreciated the arguments against it. But this was the law of the land. This was what the Congress of the United States had decided.

The Central Intelligence Agency was out of it. Now I wasn't [redacted] you know. [redacted] -- God bless [redacted] -- was down there. These are people he knows and lives that he cares about personally. I am cut out of it a bit. I am farther away. But I know what you are saying. But I, Clair George, said that's the price of an ongoing democracy.

Q Did you know in the period of March through September of 1986 that [redacted] was providing flight vector information and intelligence information to the southern front forces in connection with lethal resupply drones?

A No.

Q Did you read the [redacted] cable traffic to the Central American Task Force from [redacted]

A Paul, you know, we [redacted] cables a month. I may have read some; I may not have read some. My memories of the issue were that as the "private benefactors", who we've already agreed by now have a title, which means they are getting to be a big show, as the private benefactors went roaring down there, particularly in what struck me on the wings of NHAO, which was your famed Nicaraguan --

MR. PEARLINE: Humanitarian Assistance.

THE WITNESS: Humanitarian assistance program, it went from some sort of people trying to buy arms and shipping them to a big-time operation. We ran more and more head-on into the private benefactors and in [redacted] [redacted] countries down there, in varying degrees, we had [redacted] that were sort of saying, geez, here are these guys, particularly [redacted] where when [redacted] who was sort of saying, goddam it, what the hell's going on here, and we're giving them this dumb CIA answer it's none of our business.

We don't want anything to do with it. Stay away from them. Don't get near them. This was the problem with poo[redacted] o[redacted] in [redacted] some poo[redacted] guy who took and said hello to somebody and now he thinks he's going up-river. All these issues were very complicated. [redacted] someone told me, solved this problem, no trouble.

I mean, how silly can the law become? I mean, America looks ridiculous to legalize a war in such detail. I remember once driving through the streets of [redacted] with [redacted] and he said see those M-16s those guys are holding, those 16-year-old [redacted] soldiers? They are allowed to shoot at terrorists, communists, but not criminals, rapists. I mean, you know, we make life very tough for ourselves.

No, I didn't know that [redacted] had a trouble down there at that point.

Q When did you find out that he was --

A Sometime in the fall of last year, and I don't have any paper on it. People began to worry about [redacted] and people were saying I know about [redacted] and I'm worried about [redacted] and Clair gave the standard answer 101 -- please make sure he's not breaking the law. Make sure he understands the problem.

Q When did you find out that he had been taking instructions from Ollie North?

A In the fall. I don't know. I wish I had that date because I've been asked by a lot of people, including Gates a couple of times. I don't know what day it was, but suddenly one day I was told he's got a radio that Ollie gave him.

Q Would it have been after Hasenfus or before Hasenfus?

A Give me a date for Hasenfus.

MR. POLGAR: Five October.

THE WITNESS: I would think after, Paul. I wouldn't want to have my feet held to the fire, though.

BY MR. BARBADORO: (Resuming)

Q Okay.

MR. POLGAR: Off the record.

(A discussion was held off the record.)

MR. BARBADORO: Let's go back on the record.

BY MR. BARBADORO: (Resuming)

Q Let's turn to a different subject and get back to hostages. Do you recall an operation to free the hostages starting in 1985 that involved DEA agents and their informants in Lebanon?

A Yes. You're going to have to remind me of the details, but at the Hostage Location Task Force DEA came up with someone at about that time who was going to be able to help free the hostages.

Q What did that plan involve?

A I don't remember.

Q Well, what can you remember about it?

A That they had [redacted] informant who, and again, like everybody else knew somebody who knew where they were and there was going to be money involved. I'm sorry I don't really remember the details.

Q Let me mark as George Exhibit 3 a memorandum of June 7 from Robert McFarlane to Oliver North, subject Status of the Hostage Recovery Efforts.

(The document referred to was marked George Exhibit Number 3 for identification.)

MR. MOFFETT: Excuse me. June 7?

MR. BARBADORO: June 7, 1985.

BY MR. BARBADORO: (Resuming)

Q Mr. George, take a look at George Exhibit 3. Specifically there are two operations described, one beginning on page two, DEA operation, and that may refresh your memory.

(Pause.)

A I do not remember this. This is typical of case after case after case of bums, crooks, and petty thieves trying to sell hostages. Now again I don't want to denigrate this particular operation, but every guy in the world -- you see, the way to handle the hostage business is the way you do it in the United States. Somebody says to you [redacted]

But I'm sorry, Paul. I don't know any part of this that I can remember. I remember DEA having contacts in Beirut, [redacted] and I can remember the Hostage Location Task Force following up with this and at that time it was probably [redacted] but I don't remember the details.

Q If an operation like this were to involve CIA [redacted] would you have to approve that operation?

A I have been through this a lot, so I really know what this is all about. These guys would come out and I don't know that one (indicating), and we may have gotten involved in, so that doesn't mean that we didn't (indicating). And they would say we're in touch with someone in Lebanon who can get you a hostage for money.

I worked under what we later learned or knew was not the -- well, it's all arguable. We can get into that later. But the Henry Kissinger 1975 kidnapping/hostage policy, which is you don't trade anything for hostages. [redacted] that is purchasing information and not paying for hostages. [redacted] It was always known that there was private money. I mean back for 15 years I've always known there was private money in this country for the lives of Americans.

And even in the Kissinger era of kidnappings I knew [redacted] suddenly money would appear. It wasn't U.S. Government money, but somebody arranged it. The whole concept of money, private money and government money, is always there. Ollie North always sort of implied when we were talking about the hostages that if I ever thought that I needed money and that policy dictated it, but I didn't want to take it from CIA funds because they are Congressionally-controlled, he could get money.

I would imagine I could name three names that I could pick up the phone tonight and say Tom Polgar's son is being held hostage in South Yemen and I need $1 million, and I could get it. It's a very goddamn complicated business. I'm sorry. This operation? I don't know; I don't remember this thing.

[redacted]

Q But you never recall a plan involving DEA agents bribing free the hostages for $1 million apiece in '85?

A Not a plan. You know, everybody had a plan, but up until somebody said okay, here's my plan, now give me the $1 million, I sort of looked on everybody's plan as another plan. I don't remember that, to answer your question.

[redacted]

Q At some point [redacted]

[redacted] they started getting money from Ollie North. What I'm trying to find out is was there a time in this DEA operation that the CIA decided it didn't want to be involved any further, and do you have any knowledge of that?

A It's possible. I do not have any knowledge. I certainly could check it with the people who may remember better than I.

Q Who would make that kind of decision?

A I would.

Q But you don't remember it?

A I don't remember it. I mean, again please --

I probably make as many decisions a day as anybody we know. I know you know that. But someone, my NE guy or my terrorism guy or my hostage guy, would come to me and say I think the DEA or we believe the DEA case is running string. It's a bunch of hocus-pocus. It's a phoney. We're being ripped off. Let's stop. And I would say let's stop.

But when DEA -- my position on the hostages was that I would bend over as far as the law and good sense would allow [redacted] on what the hell their condition was, and seek information which, dear God, might lead to their release. [redacted]

Q If someone were going to bribe the hostages free for $1 million apiece, is that something that would require a Presidential Finding?

A You see, the strange thing about this whole affair is all through the entire time that the Iranian arms deal is going on the American policy still was not to pay for bribe for hostages. So that's tough. It's complicated. If the President decided that he was going to have official United States Government money spent to bribe for hostages -- I assume you're saying he's turning to the CIA.

Q If there were a plan that involved the use of government money, would it require a Finding?

A I don't know. I would have to ask Mike. That's a legal question. I mean, I've given up trying to figure out exactly when we need a Finding. I ask the lawyers. Lawyers, do we need a Finding?

MR. PEARLINE: You would, I think, need a Finding.

THE WITNESS: See what my lawyer said?

BY MR. BARBADORO: (Resuming)

Q To your knowledge was there ever a Finding for this operation?

A God knows. Having now learned that there were lots of Findings written about Iran that I didn't know about, I can no longer say if a Finding were even written that I would know about it. I did not know of such a Finding.

Q I don't mean this to sound confrontational, but around this time you were very concerned about Buckley and the other hostages.

A Absolutely.

Q You spoke with Ollie North frequently?

A Yes.

Q One could only assume that if Ollie North had a plan like this that he would communicate to you.

A He probably did.

Q Do you recall him talking to you about a plan like this?

A He probably did and I do not recall it, because it is -- and again this sounds, and you are not confrontational. I sound crazy, but it is one of endless hairbrained schemes that took place at that time.

Q Did some of these schemes come from Ollie North?

A Well, Ollie North made [redacted] I mean, Ollie North was a very shrewd operator. I mean, all other things aside, excesses and tunnel visions, Ollie North had a lot of creativity on the subject. Ollie North was very good at it. [redacted] The President of the United States wanted the hostages out. It is not an unfair request. After looking at what has happened, it may look embarrassing or silly or ridiculous and everybody spent a hell of a lot of time.

I repeat again if my son or brother or father were in there, I would want every son of a bitch in the American government to spend an awful lot of time trying to get him or her out. Now the law is nonexistent, basically, other than you can't spend Congressional monies and all the rest of it. I mean, the whole idea that you don't trade for hostages -- in which I believe very strongly because it just leads to the mess we are in in Beirut -- is that of the original five hostages we have 14 or whatever it is.

Because now everybody is going to sell them for something. The law side, as my dear wife said, you guys are all big and tough. Boy, you sit around those rooms of power and you decide people's lives. The President of the United States wanted those guys out of there, and Oliver North did his thing and we all did our best, and I think within what we did -- and it never ended; I could get records of all the stuff we did -- we didn't break the law, but we bent over backwards to try to do everything we could.

And I would do it again and I would do it today, as long as my lawyers tell me.

Q If you thought a plan like this -- that is, bribing out hostages for $1 million apiece -- would work, would you approve it?

A No. You see, Paul, the whole idea is -- I lived abroad 20 years. The problem is very simple, that when they find out they can kidnap me and get $1 million for me, they would kidnap Tom and Mike and ask for $2 million, and then when they get that they would kidnap David and Page. I mean, the world never ends. No, the right answer is you can't bribe for hostages. That's the right answer.

Now there are a million -- you see, the whole thing in the Iran arms deal was, as I told Senator Eagleton when he was sort of mushing around the hall with me, there were some thoughts you really weren't bribing for the hostages. You really weren't giving the arms or the money directly to the Hizbollah; you were giving them to some other guys and it really wasn't a bribe. That's in addition to whether you should be giving arms to Iran.

The right answer is, don't pay cash or anything else for hostages. But, gee, whiz, is that hard to live up to when it's your emotional problem and not somebody else's.

Q And this was your emotional problem because it involved Buckley?

A Well, you see, I knew Buckley was dead. We ought to get the date. Get the date, gentlemen, [redacted] that Buckley was dead. That wasn't if, and, maybe, sort of, kind of, we have a report, he sounds sick. [redacted]

We had the intelligence. [redacted] And I assumed at that date-- and that's sometime in the summer, I think; Paul, we can get that for you -- that was the end of it for me. There was no more Bill Buckley.

That did not make it, as I told the Tower Commission, it doesn't make it any less important. I mean, every other American should be just as important and is.

Q In any event, you can't recall this DEA plan? You can't recall --

A I recall DEA had contacts in Beirut, but I can't -- you've kindly let me read the whole thing, but I don't remember it.

Q And you can't recall Ollie North telling you about it, about a specific plan that involved bribing the hostages free for $1 million and putting up $200,000 up front?

A This is a sort of silly answer. Knowing Ollie very well, he may have told me that, but Ollie told me a lot of very strange things that he was doing for the hostages, and I don't recall that. Ollie was getting boats. Ollie was flying to Beirut. Ollie was getting airplanes. And he meant well. He meant to get the goddam hostages out.

Q How about a plan, a similar plan, involving the same DEA agents and the same plan in the following year, in May or June of '86?

A It may be the same one I remember. May I be frank with you?

Q Please.

A God bless the DEA. They are a wonderful organization.

[redacted]

MR. BARBADORO: Let's go off the record.

(A discussion was held off the record.)

MR. BARBADORO: Back on the record.

BY MR. BARBADORO: (Resuming)

Q Did you ever learn that Ross Perot was providing money to Ollie North to help gain the release of the hostages?

A I think I knew that, and I think maybe Ollie at some point told me something to the effect -- Ollie always claimed to be close to Ross Perot and Ross Perot, I think, makes no bones about it, since he writes articles about his involvement in this affair, but I sort of had at some point either heard Ollie tell me or someone told me. I assume that Ross Perot is one person, and I assume he would be today, that I could go to if a decision were to save someone's life and I needed money and I could prove my plan, that he would help me.

Q At any time did you ever do anything to try to prevent these plans that involve paying bribes to gain the release of the hostages from taking place?

A I don't remember a single operation that involved bribery or purported bribery that I thought was worth anything, that anything would ever come out of it. I never felt, though, that that level of hand me cash and I will hand you hostages would ever work.

Q You just didn't take these plans seriously?

A I'm sorry, I really didn't. The guys, again, holding American hostages are in a big-time international operation.

Q When did you first learn that United States arms were being sold to Iran in the hopes that hostages would be released?

A Are you talking about United States arms under the control of Israel or United States arms under the control of the United States?

Q Yes, it's arms under the control of Israel.

A Probably in the fall. Let me walk quickly through my experience of the fall. Somewhere in late -- and this was not part of the SSCI testimony because I just didn't recall it; we have all had a lot of time to think and I read my testimony the other day and I know what I was thinking about -- Bill Casey called me into his office -- and this is a matter of record with the Tower Commission and with some others -- well, he didn't call me in his office. I was in his office together with, I think, John McMahon -- you can ask John, or I should ask John when I see him.

Somebody else was there. John McMahon said to me you won't believe what Bud McFarlane just told me in the White House, and obviously that captures the interest of the employee. And we said, what, what. And he said the Israelis have an operation that involves the Iranians, which could possibly lead to the release of the hostages. But, the government of Israel has told Bud that the absolute demand for us to be knowledgeable or involved in whatever it is is that CIA must never know about it.

And Casey said to me, now, you know, who knows? Maybe he knew all about it and he was just playing games -- I don't believe that. Casey said to me in the late summer or early fall I wonder what the hell they are up to. [redacted] Sometime that fall I became aware that arms had been sent to Iran by Israel and I thought, when I testified before the SSCI last November or December, that we had provided communications equipment to Bud McFarlane, who went to Israel, and I was very vague because I didn't know. What I think I now know is [redacted] famous airplane that went in and came out and "crash-landed" -- I still don't know what happened -- and indicated that there were arms going into Tehran.

And I somehow knew or associated that with the release of Benjamin Weir, and how much I knew the details, not much, because the whole thing becomes graphic to me the famous last weekend in November.

Q You said several things I want to ask you about.

A Please.

Q The meeting with Casey, give me the best estimate of the date that you can on that.

A I wish I could. I would suspect September. I've really racked my brain. I will ask John, if John was there -- God knows we were not in the room alone with him, and there was a twinkle in his eye. I had the feeling that Casey really didn't know what the hell was going on.

Q And as best you can remember what did he tell you the operation was?

A I'll quote it again as best I remember it. He said, Bud tells me that the Israelis have -- and this is all paraphrasing it, of course -- but it went like, Bud tells me the Israelis have a contact with the Iranians which could possibly lead to the release of the hostages.

Q And at that time he didn't say anything to you about arms being involved?

A Casey said to me, frankly -- and again, you know, this is a complicated world; who knows when your leg is being pulled -- Casey said to me I don't know what the hell he's talking about. And he then emphasized, as I say, again that the Israeli demand to allow us to be part of it, which is now the way I read it a year and a half later -- whatever it is; two years later -- was that you won't tell the CIA; they must not know about it.

Q Have you ever found out why the CIA was not supposed to know about this operation?

A No, but let's you and I guess.

Q I'd like your guess. It's probably better than mine.

A Because they were certain that we would have to tell Congress. They had, for a variety of geostrategic reasons -- and they still have and always will have, as Tom knows, as Mike knows -- the Israeli necessity to seek accommodation with Iran. It is part of the geopolitical realities of the Middle East. And they had made contacts. We now know, we guess, they made them through Mr. Ghorbanifar, and they wanted the Americans to get involved.

Everybody is talking about a dialogue. Everybody's talking about hostages. We have the weapons.

Well, you read what I said to the SSCI. It's the same thing.

Q On or about the 9th of September North asked Charlie Allen [redacted]

A Could be. Charlie Allen did that? I never knew Charlie Allen did this. Charlie Allen [redacted] totally unknown to me through the fall.

At some point, and I thought it was in '86, Charlie Allen, whom I rarely see, came to my office and said, I have been asked to make available to you [redacted] God knows what. And he sat with me for about ten minutes and talked about them and left. It's not unfair to Charlie, but we formally never discussed them again. I see Charlie in the halls all the time.

That may have been what I read in the fall of '85.

Q In your Tower Board interview you said that you did get [redacted] and that's consistent with what you're saying now. You also said that you talked to

Charlie Allen several times about it. Is your recollection the same as that?

A My full recollection of it all was that I paid very little attention to it eventually. I couldn't understand it. Into the picture came guys I trusted and knew. After January comes staff employees of my Directorate, who work for me -- [redacted] -- well, he doesn't really work for me, but he's a guy in whom I have trust -- and I figure [redacted] and then I pay less and less attention to it.

Charlie did not perceive me as a regular guy to brief on the issue.

Q But you did get [redacted]

A Oh, I probably got [redacted]

Q [redacted] conclusion that arms [redacted] and hostages [redacted] Did you draw that conclusion, those conclusions, in the fall of '85?

A In the fall of '85? I must have, but they were not American arms. It was not an American operation; it was Israeli. The Israelis were up to something that we were sitting around watching, which was going to lead to hostage release, so it wasn't us.

Q And you had no idea that it was North who had given that tasking to Charlie Allen?

A No, I was never told about that. [redacted] no, I didn't know North tasked Allen [redacted]

Q [redacted]

A Okay. I must have known that arms were being traded by the Israelis for hostages. I certainly must have known from William Casey's comments that some part of the American government was involved in it. I can remember talking to Ollie North about the release of Weir and the great pleasure that everybody had that this had taken place and that there was a role the American government had played in it. But I did not have the picture I then got later.

Q What did North tell you?

A North said, gee, I wish they would release [redacted]

Q But didn't North tell you something about his role in this thing? I mean, Ollie North, if there is one thing Ollie North is, he is the kind of person that would talk about these efforts.

A Well, I think he didn't want the Directorate of Operations in this mess. I didn't read all of the thing, PROF notes, but I'm told if you read them, we're a bunch of jerks. I mean, we can't get the damn thing done right. And so, therefore, you sort of operate with Charlie or you operate with somebody else. I'm not sure that I did ever know that. I don't ever want to claim I didn't know that.

Q After Weir's release did North tell you that he had been released because the Israelis shipped arms to Iran?

A Not in those specific words that I can recall.

Q What do you recall?

A I don't recall. I do not recall knowing that Weir's release was involved with the airplane flight. I knew about the airplane flight because there was all kinds of reporting about the airplane flight. [redacted] And I knew then that Weir was released, and I probably associated -- my recollection, Paul, is that starting then -- and I don't want to change the subject and come back to it -- compared with the realities of what I then knew following the last week in November, into the Finding, I was still slightly foggy in the fall of '85.

Q Is it fair to say you knew something was going on involving Israel and the hostages?

A Absolutely.

Q And that it involved some kind of arms --

A And the Americans knew about it.

Q And the Americans knew about it.

A Damn right.

Q But you didn't know that TOWs were being sold to Iran; is that right?

A Absolutely correct.

Q You have testified that you were gone on November 22. The weekend of November 22 you were out of headquarters. Where were you?

A [redacted]

Q And when did you leave the headquarters to go to [redacted]

A I think I left Thursday morning. I mean, you guys -- gee, they even found my travel vouchers that we just shipped to you guys. I can't even find my own travel vouchers. There was [redacted] The fact that [redacted] nothing to do with it, Paul.

(Laughter.)

Q Were you out of touch with your office from the 23rd to the 25th?

A Yes.

Q In your absence Juchniewicz was in charge?

A Ed Juchniewicz was Acting. Well, I think he was in charge of the office.

Q Before you left, did you know anything about Clarridge being asked to line up a proprietary, a CIA proprietary, for this flight [redacted]

A No.

Q When did you first hear about it?

A I came back Monday morning, Monday afternoon, went in. McMahon was in a rage. He told me to pull together the traffic, meaning the telegrams, that took place, went back and forth. I got them in, put them in a little folder and took them to John and read them when I took them, and that was when I first knew about it.

Later John came in, again quite upset and terribly concerned, talking to Juchniewicz, and his remark, which is burned in my mind, was not only did we send the goddam telegrams, but the goddam airplane went in. Now obviously we know that that was the famous proprietary flight.

Q Have you seen McMahon's memorandum for the record of December 5?

A No.

Q Excuse me -- memorandum for the record of December 7, 1985. Let me mark that as George Exhibit 4.

(The document referred to was marked George Exhibit Number 4 for identification.)

(Pause.)

A I'm sorry. This is so fuzzy. I have not seen this memorandum before.

Q The memorandum refers to a meeting where Juchniewicz is briefing you about what happened while you were gone and McMahon was present. Do you recall a meeting like that?

A Well, I would think that was the same time when McMahon and Juchniewicz arrived in Juchniewicz's office and McMahon was furious and Juchniewicz was telling me about all these cables that had gone out.

Q Do you recall the time of day that was? Was it in the morning?

A It would be in the morning of the day that I got back, and I assume it would be Monday morning. Again, my travel vouchers will say whenever I got back. Have you seen that before?

MR. PEARLINE: Yes.

BY MR. BARBADORO: (Resuming)

Q The memorandum talks about a meeting on the 25th where [redacted] was giving you a "spot report" on a flight the airlines had made in support of the NSC mission. Do you recall a meeting where [redacted] was giving you a briefing on the [redacted] flight?

A I don't know. I mean, we could easily have called [redacted] He was in charge of [redacted] and controlled the proprietary, I'm sure we did call him up and ask him, but I don't remember, Paul.

Q Prior to the 25th did you know anything about an NSC mission?

A No, I did not.

Q What were you told was shipped on the aircraft on the 25th?

A I don't know what I was told was shipped on the aircraft on the 25th. I am now told I was told that it was oil-drilling equipment.

Q You can't remember what you were told?

A But, what the hell I thought on the morning of Monday that so-and-so was on the airplane, I have no idea. It soon became -- whether the knowledge or the surmise of the Agency -- that it was weapons, but that within the next month or so. But that morning I don't know what I thought was going on. I assume I thought whatever Ed Juchniewicz thought, because Juchniewicz, who was acting for me, would have told me whatever he thought was on that airplane.

Q You don't have any memory of being told that it was oil-drilling equipment on the airplane on the 25th?

A No, I do not.

Q What did McMahon do when he heard that [redacted] had been involved in a flight to Iran?

A He said there will be no more activity in support of any of this without a Finding.

Q And did he ask you to collect the cables?

A Yes.

Q Did you collect the cables?

A Yes.

Q Did you speak to Dewey Clarridge about it?

A Yes.

Q From reading the cables and from speaking to Dewey Clarridge did you draw any conclusion about what was involved on the flight?

A That it was arms for hostages?

Q Did you draw a conclusion as to whether it was oil-drilling equipment or whether it was arms that was on the aircraft?

A No, I cannot recall that I did.

Q Have you talked to Dewey Clarridge about this thing since November of '85?

A Not in a formal sense, in an informal sense. Everybody knows that there is disagreements about what happened.

Q Are you aware that it is Dewey Clarridge's position that he thought it was oil-drilling equipment on that flight?

A I assumed he would have. I can't believe that he would have been told by Ollie North we are shipping weapons and then not have told us that. If Ollie North called him and said we're shipping oil-drilling equipment, I'm sure Dewey thought it was oil-drilling equipment.

Q Your [redacted] has given a deposition in which he has stated under oath that he was briefed on November 23 by a guy who called himself Copp that there were missiles on the flight and he has stated that he sent a cable stating that there were missiles on the flight to headquarters.

Have you ever seen a cable from [redacted] on November 23 that referred to missiles being on the flight?

A I am aware of this dispute, and I am aware of having talked to [redacted] who is a dear friend and in whom I have great trust, about his conversation with Secord in which Secord said to him in the parking lot of the hotel where Secord was staying, do you know what we are doing. And [redacted] said, please tell me; I've been up two nights and I'd like to know.

He said, we're trading missiles for hostages. [redacted] says he put that in a cable. Dewey said -- I don't know what Dewey said. Dewey said he never saw it. I think Dewey's right. A cable of that -- and that is in no way meant to impugn poor [redacted] testimony. I think he sort of forgotten what he cabled that weekend or what he didn't. A cable of that impact could never have just disappeared in the Central Intelligence Agency.

Q Is it fair to say that if you had read a cable like that on the 25th you would remember it?

A Boy, would I remember it.

Q And you do not remember any cable fro[redacted]

A I have seen no cable like that.

Q Discussing the fact that there were arms on the airplane?

A It was even more brutal.

MR. POLGAR: Off the record, please.

(A discussion was held off the record.)

MR. BARBADORO: Let's go back on the record.

BY MR. BARBADORO: (Resuming)

Q I may have asked this, but let's just be clear about it. You never saw a cable from [redacted] in November 1985 which discussed the fact that on that flight there were supposed to be arms going to Iran?

A I did not.

Q And to your knowledge no such cable exists; is that right?

A To my knowledge, no such cable exists.

Q If a cable had been sent eyes only to Dewey Clarridge it would also be sent to you, wouldn't it?

A The privacy channel that he would be allowed to use would be only seen, other than by him and his secretary, by me and Ed Juchniewicz and our secretaries.

Q Do you know whether your records have been reviewed to determine whether there is such a cable?

A We would not keep chronological copies of his privacy channels. We keep chronological copies of our privacy channels. But we're not an office of record, so the dozens and hundreds of privacy messages over a month that are being sent by bosses, mostly about personnel problems, which are sensitive, are not held by us.

Q Do you know whether the DO records have been checked for this cable?

A I do not, but I can't believe they wouldn't be.

MR. PEARLINE: They have been checked, yes.

BY MR. BARBADORO: (Resuming)

Q Let us mark a cable dated 25 November 85, reference [redacted] as George Exhibit 5.

(The document referred to was marked George Exhibit Number 5 for identification.)

Mr. George, take a look at Exhibit 5, please.

(Pause.)

A I saw this cable.

Q That cable mentions the fact that the pilot of the plane told the ground control [redacted] that military equipment was involved in the flight. Do you recall reading that in November of 1985?

A I recall seeing this cable, and I assume I either saw it in November -- I must have seen it in November. I also recall talking to [redacted] [redacted] who came to see me early in the following year and told me of the same incident.

Q From that cable, [redacted] [redacted] from your discussions with Charlie Allen, from what Casey told you about an operation, from everything else you knew in November of '85, did you reach a conclusion as to what was really involved in that flight on the 25th of November, when you received this cable?

A Well, I did not assume absolutely that it was weapons. I mean, I must say, reading this cable hurriedly in a day, that there is in my mind the skeptical. So the pilot said military equipment, so he didn't have to check something or something. I -- yes, I probably believed personally they were weapons, but I did not know they were weapons.

Q Did McMahon in his meeting with you on the 25th say anything about whether a Finding would be required for this kind of activity?

A He said to me and to Juchniewicz, I believe together -- you can ask Ed -- there will be no more. You see, I am perceiving, and certainly by reading McMahon's memo, which I do not recall, that John knew more about this than I did, which he should. That's reasonable because he's the Deputy Director, Acting Director at times. John said there would be no more support of any of this without a Finding.

And that I recall clearly. He knew, I think, more about what this was than I did.

Q Do you know whether he asked somebody in OGC to draft a Finding?

A I don't know that. I mean, I know now, Paul, after the fact that he did, but at the time I did not.

Q He didn't tell you anything about a Finding being drafted?

A Nope, not that I can recall.

Q Did you know at the time, in November of '85, that a Finding was drafted on November 26 and sent over to the White House?

A No, I did not that I can recall.

Q Did you know that efforts were made between November 26 and December 5 to determine whether the White House had approved the Finding?

A I was not part of that that I can recall.

Q Were you at all concerned that people working for you had engaged in activity that required a Presidential Finding without Presidential approval?

A Well, I was concerned, but I delivered the file and the evidence to John McMahon, who was obviously personally involved in it, and then came another day and another issue and another problem. But I presume, because -- and I'm not being unfair to John, a dear friend -- I just presumed John was terribly concerned and John was going to take care of it, because he was very, very worried.

I think John was going to send -- and I don't know if I knew this then; I know this now -- but I think John was in telegraphic correspondence with Casey, who was traveling abroad, about this problem. But John sort of assumed the problem. Now I'm not chickening out, but John would have taken care of it because he was worried.

Q By November 25 did you know that Ollie North was connected with, after reading the cable traffic and discussing with Clarridge --

A Dewey told me it was Ollie North that told him, that it was Ollie North that wanted the airplane, that it was Ollie North that was frantic.

Q Did you call North and ask him what he was doing in this operation?

A No, I did not that I recall.

Q You spoke with him frequently on a whole host of matters, didn't you?

A Uh-huh.

Q Do you recall whether you discussed this particular matter with him in November of '85?

A I do not recall that, Paul. I do not recall discussing it. I recall saying there will be no more of this at all until John is satisfied that we can do it and, to the best of my knowledge, even though I've been informed that in December there were still cables roaming around about making plans if we wanted to land planes [redacted] [redacted] I was assured by all the players that there would be no activity taking place without a clearance from John, who understood the issue better than I, which meant a Finding.

And to the best of my knowledge, then, of course, we keep moving up to the famous Finding. Nothing did happen, although whether Ollie had made plans and Dewey sent cables, which I've been told after the fact, and I maybe even saw them, but, you know, I said no more of this and, to the best of my knowledge, there was no more of that.

Q When was the first Finding that you were aware of?

A The only Finding, I swear to God, I have ever seen, and Senator Cohen did one on me when he pulled five of them out of his desk in front of the SSCI, was the Finding handed to me by John Poindexter in the White House situation room on the 18th of January 1986.

MR. O'NEILL: Could we go back a minute?

THE WITNESS: Please.

MR. O'NEILL: About the meeting you had with McMahon on the 20th of November --

THE WITNESS: On Monday.

MR. O'NEILL: The 25th of November.

THE WITNESS: Whatever date; I don't remember.

MR. O'NEILL: You said that you assume he was going to resolve this, but that you then recall saying that nothing more will take place.

THE WITNESS: John says I want nothing more of this kind to take place, and I went down to whomever -- probably [redacted] whom we can ask, and to Dewey Clarridge -- and said we're not going to do any more of this without checking it out through the front office.

MR. O'NEILL: Do you believe that what you told them would have been clear enough to them such that they would have understood that sending out additional cables to arrange additional flights would have been prohibited or not?

THE WITNESS: No. I think it's the thing. You see, planning is one thing; doing is something else. And if you ever were on any given day to know all the plans that were being made inside the American government on all the subjects, you would be so terrified you would leave. You can't stop people planning. You've got to stop them from acting. And I think I stopped them. I'm sorry, I think I stopped them from acting.

You know, plan, plan, plan, plan, plan, plan. I remember once [redacted] But the good news is the plans don't count; it's the action that counts.

BY MR. BARBADORO: (Resuming)

Q You are aware in this case that there were cables sent [redacted]

A I'm told about all kinds of cables. You know, what would you do, why would it happen. If I asked you to land an airplane, what would it do. And the answer was I don't care how much you talk to the SOBs --

Q As long as they weren't doing it?

A Don't do anything.

MR. O'NEILL: So you don't view those cables as being in contravention to your orders?

THE WITNESS: No, because who knows? We may get an agreement that Ollie North is going to fly another airplane and the National Security Council wants to land the damn thing, and we can't keep [redacted] up for 48 solid hours trying to find [redacted] again. Let's have something organized this time.

You know, we now in 1987, by the grace of God, are here, but this was the White House, and the White House was calling the CIA and they were asking for help.

BY MR. BARBADORO: (Resuming)

Q Did you know in November of '85 that Secord was involved in this thing? He is referred to as Copp in the cables.

A Yeah, and I now know so much, having talked to [redacted] that I'm not sure when I first knew that he was the guy on the ground. Bud was in Brussels, Copp was [redacted] [redacted] They were calling each other on the phone. When I first learned that, Paul, I don't think I knew it in November of '85.

Q Okay. Did you know that the CIA secure voice communications system was used to pass messages from NSC people to CIA people [redacted]

A I think I did. I think I knew that, and I think I asked for the transcripts, the tapes of those, and I think I gave some of them to the National -- ordered some of them given to the National Security Council and others I believe are either still in our possession or in your possession.

MR. BARBADORO: David, if it hasn't been requested already, we would like all of the transcripts of the secure voice communications system.

MR. PEARLINE: The [redacted] that was used?

MR. BARBADORO: Yes, [redacted] and back.

THE WITNESS: And I gave some of those, David, to [redacted] Talk to [redacted] I talked to [redacted] giving one bunch, which was McFarlane talking to somebody, back to McFarlane.

MR. MOFFETT: Would it now be possible -- do you need a break now? It's been an hour.

THE WITNESS: Let's have a break.

MR. BARBADORO: Okay.

(A brief recess was taken.)

MR. BARBADORO: On the record.

BY MR. BARBADORO: (Resuming)

Q I'd like to mark as the next exhibit, 6, a document which for our records is C-5281.

(The document referred to was marked George Exhibit Number 6 for identification.)

Mr. George, I am told that this is a copy of a document that came from your soft file.

(Pause.)

A No, this is from Stan Sporkin's file. That's Sporkin getting a job fo[redacted] and then Sporkin on the computer working on a Finding, and that was shown to me when they did all of Stan's reviews because I had never seen that Finding at all.

That first thing, Dear [redacted] this was Stan getting the kid a summer job. Then the next thing they ran, and this is Stan's PROF notes, the next thing they ran was a Finding. Wrong witness, Paul.

Q It came from your soft file, according to Paul Schilling.

A Well, Paul Shilling, [redacted] I know what that document is because it was shown to me, but it was not.

Q Could you have kept a copy of it and taken it and put it in the files?

A I wouldn't in a million years have kept a copy of all the documents. I wouldn't keep a copy of it. How Sporkin managed to -- that was all written in the era when Stan -- what I now know I know after the fact, I think -- that was all written in the era that Stan was writing the many versions of the Finding -- the mini-Finding, the retroactive Finding, yesterday's Finding, tomorrow's Finding.

I recognize it. I smiled because [redacted] is a friend of mine and he is a doctor and that's his son, and Stan was getting the kid a job.

Q And when was the first time that you saw that document?

A I don't know -- since all of this began.

Q Somebody showed it to you?

A Yes.

Q Who?

A Somebody at OGC, I think, showed it to me and asked me if I had ever seen the Finding. But, you know, I promise you that it's not. If it's in my soft file, it was placed there by gremlins.

Let me see it one more time to see which Finding that is.

Q That is the mini-Finding, what's been called the mini-Finding.

A I never saw this. This is the famous mini-Finding.

MR. O'NEILL: Isn't that unusual? Wouldn't something like that have come through your office?

THE WITNESS: It was the only time, Michael, and I made this point both to the SSCI and the Tower Commission, I believe, that the DDO himself and his officers who were to engage in the -- what am I saying -- in the carrying out of covert action were not involved in the writing.

MR. O'NEILL: And you learned about it after the fact?

THE WITNESS: The only Finding I ever saw was the famed 17 January Finding when I was taken to the White House and it was only after that, sometime later, that I was informed that a variety -- in fact, I never knew there were so many until Senator Cohen of Maine waved in front of my face five of them.

BY MR. BARBADORO: (Resuming)

Q Let me just rule a couple of things out here. You know [redacted] but you never wrote a draft of a letter on behalf of [redacted]

A That's correct.

Q And the first time you saw this letter and the mini-Finding that goes with it was when?

A Sometime after this confusion began and somebody brought it to me and showed it to me. It was not sometime --

Q Sometime after November '86?

A After November.

Q And you never saw what's been referred to as the mini-Finding, the Finding written on November 26 and supposedly sent to the White House?

A No, I did not.

Q And no one ever told you in November that a Finding was being sent over to the President for signature?

A No, they did not, to my recollection.

MR. O'NEILL: After the fact what explanation was given to you as to why this Finding was not routed through out?

THE WITNESS: I suspect that they didn't think I was the biggest fan in history of all of this stuff.

MR. POLGAR: Yes, I think we can state that [redacted] is a medical doctor and all of us know him because he does the annual physicals on all the supergrades.

BY MR. BARBADORO: (Resuming)

Q Okay.

A If he only knew. Andy Warhol said a moment of fame will come to you all.

(Laughter.)

Q Let us mark this as Exhibit 7. It is the January 17 Finding signed by President Reagan.

(The document referred to was marked George Exhibit Number 7 for identification.)

Take a look at Exhibit 7, the January 17 Finding. Is that the only Finding you were aware of as of January 18, 1986, the only Finding on Iran that you were aware of?

A Yes.

Q And you had not seen any earlier drafts of that Finding?

A No.

Q Do you recall a meeting on or about December 20, 1985, with Clarridge, [redacted] to discuss Ghorbanifar?

A I remember a lot about Ghorbanifar in December of 1985, Paul. I'm not sure I remember that meeting specifically.

Q When do you first remember hearing Ghorbanifar's name being mentioned in December of '85?

A Well, at that time we were being urged to establish an operational relationship with Mr. Ghorbanifar to try to get it -- quite correctly, to be fair to everybody -- by the Director, who had been informed by people in whom we had some trust, above all the Israelis, who said Ghorbanifar was the greatest thing since bagels, Michael Ledeen, who visited the Director and told him he was a great guy, and the White House, which, as we now know, was obviously quite interested in the Israeli idea.

And I think if I tried to reconstruct it they wanted us to handle Ghorbanifar. Now we pulled out -- will walk through it again for the record -- we pulled out the file.

Q Who is "they"?

A The White House, the National Security Council, would like us, I think is my interpretation, to become involved with Mr. Ghorbanifar.

Q Who was giving you that information?

A Michael Ledeen, whom I know casually and not well, who was at the time -- he informed me, and, more importantly, others that worked for me -- an advisor to the National Security Council, said that it was his belief that Ghorbanifar was probably the most capable contact that was available, and the Israelis agreed with him, to open a dialogue with Iran, and the urging came from Michael and from the National Security Council.

Q This is in December of '85?

A It's in that general period. I could find those dates because [redacted] went out and met Ghorbanifar at Ledeen's house. You know, I don't have it all in my head.

Q In your mind in December was Ghorbanifar being connected with the Israeli initiative regarding Iran?

A It wasn't in my head at that time. You see, that's why I feel very confused. [redacted] in the fall in which we now think Asghari -- correct me if I'm wrong -- is Ghorbanifar, and then in December my memory is we are being urged to deal with Ghorbanifar.

Q By Israel and by Ledeen, correct?

A Well, by Bill Casey and the White House wanted us to deal with Mr. Ghorbanifar.

Q And when you say "deal with Ghorbanifar", what did they want to do with Ghorbanifar?

A Well, I guess they truly believed that Ghorbanifar was the individual who was going to do two things, both of which are not ignoble -- one, release the hostages; two, open a dialogue with Iran.

Now we, of course, thought Ghorbanifar was a cheat and a crook and totally dishonest.

Q You are getting a little bit ahead of me.

A Please. I'm sorry.

Q How did you understand that Ghorbanifar was going to be used to get the hostages back and to open up a relationship with Iran?

A I think by that time Ghorbanifar was portrayed to us as someone who had superb relations at the top levels of what could be described as reasonable elements in Tehran. The foreign policy goals were the following. And that those elements, as a secondary part of it, probably were influential with the Hizbollah, whom we all knew were holding hostages, as a secondary point.

What I can't figure out by memory -- and [redacted] and [redacted] might answer it more wisely than I -- is what was the great anxiety to drag us into it. But there was real interest in CIA's Operations Directorate dealing with Mr. Ghorbanifar. Now we know historically they were already dealing with Mr. Ghorbanifar. Why did they need us? I don't know.

Q Did you know in December that Ghorbanifar was connected with the earlier initiative from Israel?

A I cannot recall that I did, Paul.

Q Did you know that Ghorbanifar was being contemplated as an intermediary for future shipments of arms, U.S. arms, to Iran?

A I can't recall that I knew that specifically, but then, on the other hand, to be perfectly fair, I knew that there was very high level interest that somebody deal with Mr. Ghorbanifar. I must have said, why all this interest.

Q Did you get your instruction about having somebody meet with Ghorbanifar from Casey?

A Maybe. It's no answer, I realize. It may be after a visit from Ledeen that Casey talked to me about having a good look. Casey never said you will do this. Casey said, Clair, I want you to have a good look at Ghorbanifar at some point in that period, and that led to finally the polygraph, the meetings, the discussions.

Q When the name was mentioned to you in December by whoever, either Ledeen or Casey, did you know who Ghorbanifar was?

A Me, Clair George?

Q Yes.

A No, unless somebody had told me about him the month before in relationship to the Israeli connection with the arms flight. But Ghorbanifar, at least up until that general time frame, the late fall/early winter of '85, was nobody I had ever heard of.

Q According to [redacted] statement to us, he met with Ghorbanifar on December 22 and December 23. Did you have a meeting with [redacted] before he went to talk to Ghorbanifar?

A I'm sure I did, yes. I'm sure I did.

Q And what did you tell him to do?

A Well, you know because you must have talked to him. I hope I said give it a fair shot. Go meet with him, get a reading of him, give him a polygraph, see what he's got to say for himself, see what he can do for us. We're out in another business now at this point. [redacted] Obviously if we could open a dialogue with the Iranians I'm sure we could get ourselves a Presidential Finding or however we need to go about it.

[redacted] I would hope, I said to [redacted] -- and [redacted] will remember it, I know -- I said give it a shot. See what he's worth. Let's find out if he's got anything going for him and give it the college try. [redacted] met him and we polygraphed him.

Q What did [redacted] tell you about Ghorbanifar after he met him before the polygraph?

A He said he's a crook.

Q Did he tell you about his 201 file?

A Yes. They lined up outside my office. Everybody told us, fighting to get in to tell me what a crook he was.

Q It's fair to say that people at CIA, including [redacted] and other people that were familiar with Ghorbanifar, didn't think he was a reliable source?

A On the other hand, there are two points to be made. Just because you were of no value X years ago does not mean you cannot be of value to the intelligence service. That's very important. And I think the other thing -- and this is incidental to the questioning but it should be thought about by all of us here, which was brought out very thoughtfully by somebody on the Tower Commission -- give old Ghorbanifar credit. He got Bud McFarlane to Tehran and he got a couple of hostages out.

It turns out to be a hell of a price, but Ghorbanifar maybe wasn't quite as incompetent as the United States spy service thought.

Q Is it fair to say, though, that after [redacted] meeting with him that he, [redacted] did not have good things to say about Ghorbanifar?

A [redacted] absolutely thought the guy was, as I recall at the time -- and poor [redacted] was, you know, after a lifetime serving in [redacted] I'd done him the big favor of giving him the Iran [redacted] because he was a totally reliable guy. I'm looking for big time reliable. It's back to our point about [redacted] Reliability, strength, skill in tough jobs sometimes is almost more important than area knowledge -- ideally both. But [redacted] said to me, or I heard he said to somebody, you know, I have met a lot of crooks, and I don't know many Iranians, but this guy's crazy.

Q Did [redacted] tell you that Ghorbanifar had told him that he had been involved in the earlier arms transactions from Israel to Iran?

A I don't remember that. But if he told [redacted] I'm sure [redacted] told me because I'm sure [redacted] would tell me whatever he was told.

Q What happened next?

A I went to Bill Casey and said Bill, the guy is really no good. In the meantime, Ghorbanifar at some point -- and again my time frame is all screwed up -- Ghorbanifar produced the most amazing set of photographs I have ever seen. [redacted]

And Ghorbanifar produced these color

photographs [redacted] How would he ever have this? All right, then that happened (indicating). Over on this side (indicating), Ghorbanifar shows nothing but deception on his polygraph, has a record longer than my arm of being unreliable, and my best operators tell me that he's a crook.

So at some point somehow I went to Bill Casey and said, Bill, old pal, this isn't really worth it. And Bill said, I am told, I think, something to the effect, well, let us at least follow up on the terrorism side. We'll have Charlie Allen talk to him.

Q That's what Casey told you?

A (Nods in the affirmative.)

Q You have to answer on the record.

A Yes.

Q What did you do then, after that meeting with Casey?

A Well, you know, Paul, I mean, what did I do, day by day, I don't know, but I watched Charlie Allen go through, and I must take credit for having really screwed it up at this point. I did. I let Charlie Allen sort of go off and meet with Ghorbanifar, and I should have stormed into Casey's office and said, Bill, take it. I know a lot of people in town think I may be a wimp or I'm not adventurous, but you can't do this.

But Charlie Allen went off to Europe, to London, and whereall -- Charlie knows and I don't, and I'm sure he has a record of it -- and met with Ghorbanifar.

Q This is after the polygraph?

A Yeah, and again these times are a matter of record. I don't have the record in front of me.

Q Well, at some point a decision was made to have Ghorbanifar polygraphed?

A Yeah.

Q Who made the decision?

A Me, I think.

Q And we all know he failed the polygraph.

A He showed deception on every question but one, which I think was his name.

Q Did you tell Casey about the polygraph results?

A Yes, yes.

Q What did Casey say when you told him about the polygraph results?

A All I can remember -- and my mind has been jogged by others because I don't remember -- it is that Casey, fascinated by the famous photographs, which I can still see in front of me, [redacted]

[redacted] said let's let Charlie Allen talk to him about the counterterrorist problem, because at this point Charlie Allen is National Intelligence Officer for Counterterrorism. So Charlie can sit down and go over the photos. How did this happen?

And we, we should have been braver. We turned this guy over to Charlie Allen. I should have said to Casey that's baloney.

Q Didn't your people in fact get the message not to have anything further to do with Ghorbanifar? When I say your people, I mean the Operations people.

A At this time?

Q Yes.

A I can't recall, but if there was, it wouldn't surprise me.

Q Well, if I told you on January 14 a cable was sent out of [redacted] office saying no more contact with Ghorbanifar, is that consistent with your recollection?

A With what I would have said to people? Yes. It's not very consistent with an agency policy that still has another guy from another Directorate dealing with him, and for that I take great blame. I should have fought harder.

Q Did you know what contacts Allen was having with Ghorbanifar in January and February of '86?

A Well, he was on the phone. He was always sort of complaining that the guy was calling him in the office, that the guy was calling him at home. I was sort of derelict in my duty. I just let this thing run because I guess I thought I couldn't stop it, and when you think you couldn't stop something you now wonder historically yourself, personally, did I try hard enough. But I thought it was, again, if you will excuse me, sort of an amateur hour activity -- international phone calls, winging into London where the Brits are all over the place. It was not a professional intelligence job.

But Charlie is not a professional Directorate of Operations officer. You couldn't expect anything else.

Q Didn't he come for a while there and in effect act as Ghorbanifar's case officer?

A Well, that's what we're talking about, yes.

Q And in hindsight you would say that is a mistake?

A In hindsight I say I should have gone to Bill Casey's office and screamed more. But we all know in hindsight what we should have done at different times, and maybe I wouldn't have won, because maybe Casey was convinced by Bud McFarlane and the Israelis. The Israelis still love him. [redacted] The Israelis think Ghorbanifar is a tremendous source and an important person, so it's perfectly possible that I would not have been able to change Casey's mind no matter how hard I fought.

Q Let me read something that Clarridge told the Tower Board to you. He says: Now, with a lot of hindsight, I think the Director wanted to go on with this and if he had more support from down below he would have taken over the operation instead of just doing the logistics because his people in Operations did not want to deal with Ghorbanifar.

A He, the Director, meaning William Casey?

Q Yes.

A Would have gone on with what?

Q With this, I assume meaning the operation involving Ghorbanifar and the arms.

A That we would have run it?

Q That's right.

A But because we said no, he just allowed it.

Q To be an NSC operation, where CIA only provided logistical support.

A I doubt it. This was going to be run by the NSC. They weren't going to turn it over to the Central Intelligence Agency.

Q Did you make it clear to Casey in January that you thought Ghorbanifar was unreliable and that it was a mistake to continue working with Ghorbanifar?

A Yes.

Q And, to your knowledge, is that why Casey chose to have Allen as the contact person for Ghorbanifar for the Agency?

A Probably. And I deserve the hit. I mean, maybe I could have made the world a better place if I would have taken the damn thing and run with it.

Q Did you ever try to persuade North that it was a mistake to continue dealing with Ghorbanifar?

A I talked to a lot of people about Ghorbanifar. I think I talked to John Poindexter at one point. I think Ollie was there. I think I told Ledeen at a cocktail party once that we weren't convinced Ledeen really liked Ghorbanifar personally as a friend of his.

I told everybody as honestly as I could without -- I don't want to destroy Mr. Ghorbanifar -- he's got his life. But I told him we could not, and maybe again, you know, Mr. Ghorbanifar got -- maybe it would have been a smarter operation--Mr. Ghorbanifar got Bud McFarlane to Tehran. Mr. Ghorbanifar got some hostages released. Mr. Ghorbanifar didn't turn out to be a total phoney, but he is untrustworthy in our books and that's why some people think we're not tough enough, and others think we should be tougher.

MR. O'NEILL: What is your impression? [redacted] Is it your impression that he was acting for them?

THE WITNESS: Oh, yes. Oh, yes.

MR. O'NEILL: What would you describe~~d~~ his relationship with the Israelis as being?

THE WITNESS: As an agent.

MR. O'NEILL: [redacted] of the government of Israel?

THE WITNESS: An agent of the government of Israel.

MR. O'NEILL: Was that clear, do you think, at the time? Was it made clear to Mr. Casey at the time that you had these discussions with him or was that something that evolved later on?

THE WITNESS: No, I never discussed that issue, and I think I learned more of it as the thing unwound, Michael.

MR. O'NEILL: That is your conclusion now, as opposed to the one that you had then?

THE WITNESS: That's my conclusion now. I mean, I cannot overemphasize my early conclusions that the Israelis played great roles in getting us into this, but that's no excuse. We are a major power. We are not to apologize because we follow close allies. This Ghorbanifar and the entire Iranian thing was very much part of the Israeli foreign policy plan, as I've discussed.

I think Ghorbanifar was an agent of the government of Israel. I think Ghorbanifar was looked upon by David Kimche and Al Schwimmer as a very key player and Khashoggi and company -- and they are way out of my league when you start talking about that whole crowd.

BY MR. BARBADORO: (Resuming)

Q When did you learn that people on the NSC staff had a plan to sell U.S. arms to Iran to gain release of hostages?

A On the Saturday morning the 18th of January, 1986.

Q Let me ask you about a couple of dates before then. North's calendar shows a meeting between you, North and Sporkin on January 13, 1986.

A I don't recall it, although it could easily have happened. I would think I would recall.

Q What would you be talking to him about?

A Findings. As I understand it, Sporkin either drafted, or was involved in drafting this, so if Sporkin, North and George were together in the middle of January if would be to discuss a finding.

Q This is on the 13th, before the finding was signed.

A Yes.

Q Are you telling me now that you may have worked on the drafting of the finding with Sporkin and North?

A I never worked on the drafting of a finding. I recall absolutely nothing. Your question was what would I have been doing with that crowd. Well, the only conceivable thing I could think I would have been doing would have been talking about findings. I didn't, so I don't know what the hell we talked about. I can't remember the meeting.

Q So the only thing you can remember --

A Paul, it is perfectly possible that my recollection is wrong, but I feel very strongly about it because it was a very odd finding -- as Michael's question, isn't it strange that the DDO himself is not involved in a finding, and the answer is yes. I was not involved in this finding, yet your question, what would I be doing with Sporkin and North, well, the only thing they had in common was this damn finding.

Q If you had worked on this finding or discussed this finding before it was signed, is it fair to say that you'd remember it now?

A Yes, sir.

Q And it's your testimony that you did not work in this finding before it was signed and you did not discuss this finding with anybody before it was signed because you were not aware of it; is that right?

A To the best of my knowledge I was not aware of that finding before it was signed.

Q And if you met with Ollie North and Stan Sporkin on January 13, 1986, the only reason that you can think of for such a meeting would be to discuss findings; isn't that right?

A It's a strange trio. I mean, they would have very little in common as three except findings.

Q But you can recall no meeting?

A I can recall no meeting.

Q North's calendar also shows a meeting with you on January 16, 1986, the day before the finding was signed. It just says your name on it. Do you recall meeting with North on the 16th before the finding was signed?

A I easily could have met with him but I don't recall it. Someone had to tell me what I was doing on the morning of the 18th of January 1986, being told by

Casey and/or McMahon to go to the White House. It was not a mystery why I was going to the White House, because I took [redacted]

If I were going to the White House without knowing what I was doing, I would have gone to the White House. So I knew, I guess -- common sense dictates I knew that I was going to be shown this finding, a Finding, involving the Near East area.

So, therefore, asking myself the question, who told me what it was I was going to go do that morning, and I don't recall.

Q Okay. Do you keep your calendars from previous years?

A Yes.

MR. BARBADORO: Can we please have copies of his calendar for January 1986?

MR. PEARLINE: (Nods in the affirmative.)

BY MR. BARBADORO: (Resuming)

Q Well, me about the meeting on the 18th. You have made reference to it. Do you know why you were going to it?

A I must know why I was going. I took [redacted] [redacted] and there was Stan Sporkin, the top lawyer, so I knew why I was going.

Now did Casey call me that morning and say this is it, or had I known for two weeks? I can't believe that. There was [redacted] -- [redacted] was abroad with the Director, I think --who was Acting Chief of our Near East Division; Stan Sporkin who was the general counsel and myself. From the White House were John Poindexter, who by now had become the National Security Advisor; Oliver North, Staff member; and Dick Secord, who came in later and left earlier and was introduced as a consultant to the National Security Counsel to all of us.

Those six I remember. There easily could have been others -- not a lot; there might have been another staffer -- we stood up and I was handed this finding by John Poindexter and I was told we were going to support it, and again the words I don't recall, about a National Security activity that was aimed at opening dialogue with Iran and releasing hostages.

I asked very clearly the key question as I sort of read this and read this and I said, now, we are all aboard here from refraining from reporting this finding to Congress, and it was yes. It was my interpretation, as I was told that and read this, based on accumulated knowledge from the past fall and winter, that this was probably aimed at a quick fix to release the hostages, in which you would not inform Congress, ala

Hostage Rescue Mission 1979, and that somebody knew more than I knew.

And then we sat at the table afterwards. I think John left, John Poindexter. And Secord, I think, left too. But Ollie and I and [redacted] sat for a while and we began to discuss what was going on, which was -- and [redacted] good at this in memory and I'm not -- I mean only that he remembers it better, being more involved -- that we discussed getting TOWs out of Alabama and shipping them to [redacted] putting them on planes and sending them to Israel for delivery to Iran, which further cemented in my mind the thought that we were going to get the hostages out.

[redacted] and I left. [redacted] was instructed by me as my Acting Director, Acting Chief of the Near East Division, to carry on this support as directed by the President of the United States to the National Security Council.

Q What was Secord's role in the meeting?

A Not a thing. He didn't say a word. I think -- no, it's too speculative.

Q. Did anybody explain what he would be doing, what his role in this mission would be?

A He was just produced inside the sanctum sanctorum of the White House. There are no greater bona fides than to have the President's National Security Advisor introduce you around inside the President's situation room. There is little question that you know somebody somewhere.

[Laughter.]

Q Was the operation described to you in any kind of detail?

A No. It was sort of elementary. It was a logistics problem at that point.

Q Was it made clear to you that your role was to be solely a logistics role?

A We were going to work with Ollie North.

Q Were you told that Ghorbanifar was going to be the intermediary?

A I don't recall that. You know, I didn't sit down with [redacted] and [redacted] and go through this by the hour to study what I'm going say today. I sort of think we probably knew that, but I don't recall that exactly.

Q After this meeting did you express your concerns about Secord to anybody?

A We talked about this earlier. I expressed my concerns about Secord to everybody that would listen to me. I have no facts against Mr. Secord. I have no legal determination against Mr. Secord. I expressed my concern to Mr. Poindexter, probably to Ollie, and to Bill Casey. I expressed my concern about trading for hostages to Bill Casey and to John Poindexter.

As I told the Tower Commission, at no time was I not given permission to express my concern on decisions that were made.

Q After January, how closely were you involved?

A [redacted] reported to me regularly in general sense. I was very much involved in the beginning with [redacted] great concern that sort of the American side had no Americans.

Q You brought George Cave into it?

A I think I personally -- But, you know, it was all agreed George Cave was probably as knowledgeable about Iran as any American today. And we said we have got to get somebody in there that at least speaks the language. I mean, we are dealing with Iranians, and were told there were going to be more Iranians, and I brought George in. The key question and the key answer I was informed over and over again by [redacted] -- and the money problems.

The money didn't show up, or only half the money showed up. And we couldn't ship the missiles, and [redacted] would come and report to me, and, as with [redacted] as with [redacted] I have over [redacted] Americans, and [redacted] foreigners on my payroll, and I trust [redacted] and [redacted] totally. And I delegated it. I expect them to come to me when they are faced with a decision that is difficult, controversial.

In a sort of silly way our role in the Iranian affair was elementary. It was sort of both logistical and interpretive. I think George played a bigger role than that when he later got in it because George did know a lot.

I felt throughout the entire affair, Paul, that as with the Contra affair, that the White House was very witting of the legalities and illegalities of the roles that the CIA could play. And, God bless them, with all the problems we are all in, but they never -- they tried very hard not to cross that border to get us involved in the illegal side of it, which was shipping arms to the Contras or hocus-pocusing the money with Iranian affair.

And I never had any meetings -- worry with [redacted] -- because it was more complicated. Neither one of them ever came to me and said, Oh, my God, we are being asked to break the law. [redacted] came regularly to me, told me. There weren't that many meetings. There weren't that many things we did. The decision had been made.

Ghorbanifar was the man. Then, of course, come March, I'm beginning to doubt my own word. There are contacts, I'm told, with senior Iranians. They may invite a senior American to Tehran. I say to myself, this guy's not that bad. And Bud McFarlane goes to Tehran. It's easy for all the Americans to giggle and laugh, but that was -- and second guess -- but that was an opportunity that many people thought would change the power balance in a critical part of the world.

And Mr. Ghorbanifar had done it, together with the Israelis. And I thought, Jesus, these guys are doing better. But, the question the press asked, the money -- where was it going, who did it. [redacted] did his thing, and our finance guys did their thing. And I was told what the Operations Directorate was doing.

And at no time -- which maybe I should have -- did I dash into the Director's office and say, hey Bill, we have got to stop all this stuff.

BY MR. O'NEILL: At this point, you are, as you say, receiving reports from [redacted] about whatever he thinks is relevant for you to know. But what stands out, you say, is money problems. Money doesn't arrive. There is not enough money.

A Yes.

Q Does he say to you [redacted] that there are money problems on the other side -- that is to say, the Iranians are complaining bitterly about the price of weapons?

A I didn't. And I can't believe I would have known that and I would have forgotten. [redacted]

I now, as I said to the SSCI -- but again how smart we are after the fact -- that the minute -- in order to run it without Congressional approval, and to run an operation in which the goods cannot be paid for until they are delivered, you have to seek money, and they ended up right in the middle of the worst money changers in the European continent.

And I sort of knew that in the fall. But I dismissed it in the spring and summer, particularly the spring when it first started happening.

Q Could anybody else in your office have followed this beside yourself?

A Bert Dunn. [redacted] [redacted] when Juchniewicz retired, Bert came up to be the ADDO.

Q Would he have read this [redacted]

A I'm sure it was made available to him. Whether he read it or not, I don't know.

BY MR. BARBADORO: (Resuming)

Q Did George Cave or anybody else ever come to you and say, we've got a problem here with the security of this operation because Ghorbanifar says he's not being paid?

A No. To my recollection, if George said he did, I'd believe George. But I believe that if that would have happened bells would have gone off in my head.

Q What role did you play in preparing the Director for his testimony in November of '86?

A In November I told [redacted] who has been my staff aide for three years, that what he was to do was to put together the absolute facts of the Director's involvement, which are a matter of record -- X meeting, X shipment there, X dollars here -- if we've got that record, or get it from finance.

And that was our job. Then [redacted] was to take that finished piece of DDO input and hand it to Jim McCoullough, who was Bob Gate's Special Assistant, who was then going to put the Agency's thing -- because, of course, Charlie Allen is not in the Directorate of Operations and has certain knowledge of this affair -- we don't.

And we put down our chronology and our facts and we found at the time, as you may have already heard, sort of poor Ollie didn't seem to have his facts. I don't think Ollie was fudging his facts, but Ollie didn't seem to have a record of what dates all this took place. And there was some debate at a meeting I didn't attend -- I think Bert attended with Ollie about when did you meet and why did you meet and where did you meet. But that was the limit of what our input was to be.

I think [redacted] put our statement down and then gave it to Jim. Jim added the rest of it and gave it to the Director and the Director, as was his wont was very, very editorialist in what he spoke. He made changes and added and subtracted.

Q Do you remember the controversy about no USG involvement in November of 1985 in the arms, in the November 1985 arms shipment, in his testimony? Do you remember that debate within the Administration about that?

A No. The debate I remember was he kept putting poor John McMahon's name in it as having agreed to the November flight, and John didn't, and everybody kept screaming at everybody. I don't remember that controversy.

Q Do you remember meeting with Ollie North on November 19, 1986?

A I met Ollie North the last time before Ollie's troubles in the White House situation room. Excuse me, in John Poindexter's office.

Q What happened at that time?

A And I was in there to discuss -- I'm trying to get it straight -- I was in there that day or the day before to discuss [redacted] which I was going down to talk to somebody in the White House, and Ollie came to a meeting in Poindexter's office. I think that was the last time I saw Ollie. I don't know.

I'll look. I'll try to recollect. I don't know what we were talking about.

Q It didn't have anything to do with the Iran arms transaction?

A Well, it may have. I don't know what it had to do with. I think it had to do with this chronology, that our chronology and his chronology didn't fit. It's coming, it's coming back from out of the dark.

Q And what was said about those conflicting chronologies?

A Ollie North knew he couldn't fight us. You are fighting a system that lives on record. Yeah, the record may get screwed up from time to time, but you are dealing with an organization that keeps absolute records of what it's up to.

And Ollie North, God bless him, doing fifty different things, could not keep records like this. And we were saying, but there was a meeting in February, and then there was a meeting on the 2nd of March. And Ollie was saying, I don't know that. And we kept saying -- I don't know who was with me; maybe I was alone -- but I said, John, you can't fight this. I mean, this is the facts of the matter. Ollie's got to go back to the drawing board and figure out why his dates don't match ours.

Q Do you remember what you were fighting about, what the specific conflicts were?

A No I don't. I really don't.

Q Do you remember who asked for the meeting -- you or Ollie?

A Well, I suppose we did, because we were very anxious, watching this thing go public, and this is before Meese's announcement about the money -- the diversion. It is at this point a political humiliation. Superficially it is a political humiliation. So we are trying to be helpful in getting the record straight so that when the record is presented, it is presented correctly.

We probably asked, because we probably found that the National Security -- I think we found -- memory -- the National Security Council record did not jibe with ours, and we wanted to make sure everybody sat down in the presence of some important figure like John Poindexter and get this straight.

Q Do you then recall this meeting with Ollie being also with Poindexter?

A If it's the meeting I'm thinking about -- and I would have to check -- it's at that time frame. What was the date again?

Q 11-19-86 at 4:00.

A That would have been it, probably. I can check my records. Would you make note of that, please?

Q North's records shows the meeting was with Gates and you. And it says DCI preparation underneath it.

A That was probably it.

Q Do you recall Gates being at the meeting?

A No, I do not.

Q When was the last time you spoke with North?

A I spoke to North on the phone a couple of times about that period. I met North in that office at that meeting. I called North on the phone in November and told him that I was about to brief the SSCI staffers on our knowledge of the Iranian affair. Because that was the first -- correct me -- but if I recall, that was the first -- as informal as it was; it was in an office in the CIA building -- that was the first briefing of a Congress in any depth, and it was really an elementary briefing.

Dan Finn was there, and other guys, so I mean it's all record. And I called Ollie and told him that we were going to be doing this.

Q Did you ever speak to Ollie after November 25, the day he left the NSC?

A No, never. Never since.

Q Have you ever talked to the Director about the Iran arms deal, and the supposed diversion of funds to the Contras?

A William J. Casey?

Q Yes, after November 25? That's the date that the Attorney General made his announcement about the diversion?

A No.

Q You've never discussed the diversion?

A Wait a minute. Wait a minute.

(Pause.)

No, I didn't.

Q You never discussed the diversion issue with the Director?

A It's all very complicated. Meese announced this on the 25th. I went to the hospital on the 4th of

December. I was in the hospital for two weeks. When I got out of the hospital, Bill Casey was in the hospital, and I have never seen Bill Casey since late November.

Now if I went in there in late November and sort of said, Holy cats -- I mean, I saw Bill Casey all the time -- and said, holy cats Bill, what do you think of this? I certainly didn't sit down and say, now let's have a long conversation about the diversion of funds.

Q When did you first hear the possibility that funds had been diverted from the Iran arms sale to the Contras?

A When Meese announced it, or that day.

Q You never heard anybody discuss that possibility at this Agency prior to that time?

A I keep feeling I'm not part of the crowd if I say I didn't.

(Laughter.)

It makes you look unimportant. I can't remember. I don't think anyone did.

Q That's all I have. There may be a few questions.

MR. WEISS: I have just a couple.

EXAMINATION

BY MR. WEISS:

Q If we could go back to the early part of 1985.

A '85?

Q Yes.

A Okay.

Q Say, from January to June, in that period, and I don't have any desire to go into at all your sources or methods. [redacted]

A I don't believe anything Ghorbanifar says [redacted] [redacted] Well, I'm not trying to be wise. I don't believe anything Ghorbanifar says even though the son-of-a-bitch got us all the way to Tehran, because he fabricates, exaggerates, changes, fixes it to meet his own needs.

So, therefore, I have to, as an intelligence officer, say that Mr. Ghorbanifar's intelligence is useless, [redacted]

[redacted]

Q Now, if I could jump again and go to Bill Buckley.

A Please.

Q There have been reports that the Director, Mr. Casey, had turned the joint upside down in attempting to do something about Bill Buckley. Would you say that was an accurate description?

A No. Bill Casey cared. Bill Casey was a professional intelligence officer. Bill Casey had lived through a war. Bill Casey understood the price of what we do. He had great feeling for our business. Bill Casey would have done anything he could do legally to get Buckley out of there. But no, he didn't turn the place upside down.

I would say if there was any single person extremely emotionally involved in the Buckley affair, it was me. [redacted] Casey said, well, we are going to do everything we can to get the guy, and let's work our ass off, as any good leader should, but that newspaper report that the whole place was going crazy is not true.

MR. WEISS: That is all I have, Paul.

MR. O'NEILL: I have a few.

BY MR. O'NEILL: (Resuming)

Q Clair, going back to early 1985 --

A You like that date. At least it's not '84.

Q Well, I'll go back to '84.

(Laughter.)

In February, 1985, were you aware of Singlaub approaching [redacted] in Washington and soliciting their assistance [redacted] or whatever term you use?

A No. That's the Namimbo affair. No. I don't remember. I remember Ollie North calling me all the time about that ship. It was driving Ollie North crazy. And Ollie North wanted to know what we were going to do about it. It was going to load. It was a Nicaraguan flag ship going to load in North Korea full of North Korean and Iranian arms.

[redacted] Now whether Singlaub was out trying to sink the Namimbo or not, God save America.

MR. BARBADORO: Did the arms ever get there, to Nicaragua?

THE WITNESS: I do not know. I'm not even sure the arms were even put on the Namimbo. [redacted]

[redacted]

BY MR. O'NEILL: (Resuming)

Q At the time that this project of Ollie's was being floated about, were you also aware --

A What project. Is there an Ollie project?

Q This is a project to somehow prevent the Namimbo from delivering its shipment.

A The project to me was only what are we going to do about this? There was no project.

Q At the time that he had this concern, let's do something about the Namimbo, were you also aware of any involvement either he or Singlaub had in approaching the [redacted] to assist in something like this?

A [redacted] Ollie says that I introduced him to a

[redacted]

Q So you never heard of --

A Singlaub approaching --

Q The approach that he made?

A I've never met Singlaub, nor have I ever agreed to -- I mean I read it in the papers -- knowledgeable of, involved with General Singlaub.

Q What about Ollie North doing the same kind of thing, approaching [redacted] invoking your name, seeking funds for the contras?

A I would never have said to Ollie North -- I would simply not let that happen. The CIA cannot use its name to seek funds for the Contras. Now Ollie North, God bless him, could have used my name. It's been used more than once. But, no, I didn't say use my name with [redacted]

Q Moving on just a little bit into '85, there is a depot, an ammunition depot in Managua, which was blown up at that part of the year. Do you recall this event?

A I think, if you keep going, I'm going to recall it, but not recall anything about it. We are accused of doing something.

Q I don't know about that.

A Okay. Go ahead. Please tell me.

Q Do you have any knowledge of someone by the name of David Walker, a British -- an ex-SAS officer, a British citizen?

A None at all. Never heard of him.

Q Or of any connection he may have had with North?

A With North? No I don't.

Q Or with this event, the destruction of this ammunition depot at Managua?

A No, I don't. That is a story I do not know.

Q You mentioned at one point earlier on that Ollie was involved in getting boats and planes. Could you elaborate on that? I think you were speaking of it in terms of in the context of hostage rescue.

A Yeah. I guess what I was really talking about was, Ollie was forever chasing the Air Force and the Navy. Could they get a boat off-shore, or endless schemes that the people who were going to bring the hostages out were going bring them out on boats, and there would be money [redacted]

Q Do you recall being approached by North about using a vessel that he had the disposal of?

A Oh, God. Forever, and ever and ever. [redacted]

[redacted] And Ollie had this freighter [redacted] And Ollie wanted either to sell it to me, rent it me, lease it to me. We didn't want Ollie's ship. God bless him, but I didn't want Ollie's ship.

Q What did you understand about this ship other than that it was offered to you?

A That he had it and he could get it for you wholesale.

(Laughter.)

Q Did you have the sense, or did he say that it would be used for other purposes, like support of the Contras?

A We all now know he was shipping arms around in it. And I think we suspected at that time he was shipping arms around in it, and we wanted nothing to do with it.

Q Do you recall having conversations with anybody at the Agency about it?

A No. Just [redacted] and I. I think [redacted] was Chief of NE. But I'm saying we don't want that damn ship. I don't care what the price is. It ain't right.

MR. BARBADORO: Did you know that Secord and Clines were connected to that ship?

THE WITNESS: No, I didn't. I know now.

MR. BARBADORO: How did you think Ollie North happened to have a ship under his control?

THE WITNESS: Paul, I didn't ask. It was like -- what's good about us is what's bad about us. We didn't get involved. Our hands are clean. But should we have asked more questions? That's for the historians to wonder.

BY MR. O'NEILL: (Resuming)

Q Okay, now we'll go back to 1984.

(Laughter.)

A You were moving the other direction, Michael.

Q In the spring of that year -- you'll remember this I'm sure, very well -- there was a bombing in Beirut, outside the headquarters of Sheik Fadahlala and people were killed.

A Sheik Fadahlala. You remember my 20 hours of testimony before the HPSCI on that subject.

Q Recalling that event and what you know about it -- and I know you've spent a lot of time looking at what led up to that bombing -- did you see or did you detect any involvement by North in any of those events?

A No. [redacted] It appeared in the Washington Post with accusations that the bomb that went off at Sheik Fadahlala's residence which killed about 70 people was our fault. The guilt was by association. [redacted]

Q I don't mean by way of suggestion that he had anything to do with it. I meant did his name crop up in any discussions?

A [redacted] I don't remember Ollie North's name even on the edges of it.

Q This is at a time when he would have had responsibility for hostage rescue and at a time when, I believe, there were U.S. hostages.

A Oh, there were. Yeah. Absolutely.

Q What about his relationship, if he had any, if you are aware of it, to any of the people with whom you were dealing at the time? [redacted]

Q You were saying earlier that in Central America you would sometimes run into things that North was doing where the Agency also was operating. Would that be the case in Lebanon at all?

A I never saw his footprints in Lebanon, Michael, in the sense of being in Lebanon dealing with the Government, whatever God knows that is.

Q There is a mystifying reference in the Tower Board Report, which is, of course, derived from a PROF note. It is written by North and he refers to [redacted]

A Well, that's the famous Secord [redacted]

Q Right. What do you know about that?

A That's another plan. It's under the big plan rubric. I don't know anything. I read that. I mean, I didn't read the PROF note. I heard about it. It was that Secord was going to [redacted] It all fits under the big plan that didn't take place.

Q How would Secord --

A The same way that he could get airplanes when we couldn't. Remember that one. The CIA can't get an airplane. Secord can get an airplane. Secord can get a ship. Can't [redacted] Secord can [redacted]

Q Is your knowledge about this after the fact of the PROF note or --

A I never heard of any of this stuff till these PROF notes appeared, and they make me giggle a little bit. Everybody is going to be smarter than the CIA.

Q Is it possible that there was an Israeli connection here?

A Could easily be. [redacted] Secord must have had good contacts somewhere in Israel. It was Israel Secord was staging it to in order to deliver the arms. And they were flying them to Tehran. So I suspect, guessing, Secord would have good Israeli connections.

But we did not run across them at any time. [redacted] And the world is awful, and it's the real world, and I have never run across North or any of his compatriots on the ground doing something.

Q The last subject, and this would call for your speculation, but you were talking about the statement that McMahon made to you when he said that, I've been told by Bud McFarlane that the Israelis don't want the CIA involved.

A No, this is Casey who made this to me.

Q I'm sorry. I thought you said McMahon made it to you in Casey's office.

A No. Casey said to me, guess what Bud told me?

Q Okay. All right. So the statement's made to you [redacted]

A Yes.

Q And you speculated that it was because -- if it was an Israeli concern, if I understood you correctly, that would be because they were afraid that CIA would have to tell the Congress. And then later on you referred to the fact that because you had seen the PROF notes that North didn't think much of the delays that he thought were inherent in any CIA activity. As you say, it took you a long time to get a plane that Dick Secord could get in 24 hours.

A I'm not sure he ever got it, but that was the interpretation.

Q What do you think about that? First of all, do you think that it really was an Israeli objection, or do you think that was really something that was invented at the White House.

A Every Administration in this country has finally run either big and terrible, or small and unsuccessful, covert actions out of the White House. Every Administration finally decides that its spy service just can't do it, and whether it's under Carter with poor Hamilton Jordan wandering around in a red wig trying to free the hostages, or whether it's under Reagan trying to sell arms to Iran.

Finally, there is some guy in the National Security Council says, who formed that really stupid spy service we have? Let's get a good one. Let's set it up ourselves. And I suspect, having watched the Israeli side of this with Mr. Nir and Mr. Kimche and Mr. Schwimmer, that the same thing came true, that we just, this is just too important here. This is Iran. We are going to open a dialogue. We going to get arms, and we are going to release hostages. So we are all going to set up a private little operation.

[redacted] Tom remembers the guys inside the Agency who are always going to set up their own private intelligence service. It's going to work better. They want to set up something of their own so they can really get it done.

And I think the stars came together, and the Israelis and the Americans found each other, and this is what we see out of it. And that is all speculation, totally.

MR. O'NEILL: I understand.

BY MR. BARBADORO: (Resuming)

Q Two quick areas, having gone over my notes.

The Director's calendar showed that he met twice with Secord. Did you know about meetings he had?

A I did not know that. I never knew that.

Q The second thing was, Ollie North went around telling several people in the CIA, or asking several people in the CIA in the late summer of 1986 if they would be willing to buy certain assets that he had in place in Central America.

A He asked me. He called me, told me about all his airplanes, would I please buy them.

Q What did he tell you about the airplanes?

A He said they were a good buy.

(Laughter.)

Q Did he tell you exactly what he was selling?

A They were the airplanes that he and the private benefactors are using. The Congress has given us money again. He's getting out of it. Now what do we do with our $3 million worth of aircraft. Let's call Clair and see if we can sell them. What was the answer? It's like Ollie North's boat.

Q Did he tell you who owned the airplanes?

A Nor did I ask.

Q And did he tell you how much he wanted for them?

A I think he actually did, and I didn't write it down because I was too polite to want to say, Ollie, the answer is going to be no. And I listened carefully. And I think I probably called him back and said, Ollie, I've given really serious consideration to this offer.

It's like an unknown, very senior government official who called me just recently and said, Felix

Rodriguez doesn't have a job. I'd like you to hire him back again. You know, the phone calls I get would drop a horse, for Christ's sake.

(Laughter.)

But the answer is you have got to listen to people.

Q I'll remember that.

A Next time you call.

(Laughter.)

Yeah, he had planes, and this and that. And they were all great, and they were Cassa 9950s. And they all flew upside down. And they were the only ones left that worked.

Q Did he try to sell you an airstrip [redacted]

[redacted]

A No, he didn't try to sell me the airstrip [redacted]

[redacted]

Q Did he mention the ship again, that he wanted to sell you the ship?

A Never mentioned the ship. This was all ground stuff -- well, air stuff and ground stuff that he'd gotten, weapons?

Q Did I have the time period right? It was in the summer of '86?

A Oh, I don't think he called me until Congress voted. I think it was sort of in the bag that he was getting -- you know all the time, Ollie North sat around saying, I have got to get out of this thing, I have got to get out of this thing. And I kept saying, I don't want to hear about it. God bless him, and I think it comes over in the PROF notes, where he says, you know, Jesus, one poor Lieutenant Colonel trying to run the world.

Ollie didn't try to sell me the equipment until Ollie knew that Congress had voted us, or was sure the vote was going to be, that we were going to get back into it.

Q Did Ollie ever tell you things that weren't true?

A Yes -- for instance, his endless conversations with the President, and other such minor details.

Q Did he frequently exaggerate?

A Sure,he did. He was all alone. Look, it was grossly unfair to Oliver North to be asked what he was asked to do. I swear to God there had to be a meeting somewhere with the senior people in this government in which they decided they were going to provide private aid to the Contras. And Michael knows the emotions of this issue.

Somebody said, all right, we'll show the

Congress. We'll get private aid. Which sort of sounds superficially, fine, all right, get private aid. But what did they do? They turned to Ollie North. They said take care of that. The enormity of what they asked this kid to do is unbelievable. You don't just get some money and put it in a box.

You've got to transfer it out of the country. You've got to transfer it to somebody. You've got to buy arms. You've got to ship them. You've got to get planes. You've got to get boats. You've got to make contacts [redacted] wherever it is where the arms are going.

Oliver North was asked to do the impossible. And who the hell --

Q Who asked him?

A I assume the Administration asked him. Who else would have asked him? Now whether Ronald Reagan, said "pal" or Bill Casey said "buddy" or George Shultz said "you're going to save the country," I don't know.

Q Do you know whether Bill Casey ever asked him to do this?

A I do not know that at all.

Q You know he talked to Casey --

A Casey loved him.

Q -- all the time. They had a close

relationship.

A They were close friends.

Q He would go over to Casey's house, right?

A Well, I do not know that.

Q They'd meet for breakfast; do you know that?

A I do not know that.

Q They talked to each other on the phone a lot.

A Their goals were that there's a serious Marxist-Leninist threat in Central America. All of that aside, and Casey, God bless him, kept me out of that part of his life. That said, Oliver North was asked to do the impossible. And so who did Oliver North end up with? Oliver North ended up with some pretty tricky guys.

I'm not here to defend Ollie North. I'm not here to attack Ollie North. But if you look at it historically, what the hell he was asked to do is not next to impossible; it was impossible.

Q Do you think he was emotionally unstable?

A I --

Q Here is a guy, he exaggerates, he lies to you, I mean --

A No, I don't. I think -- look, he had to run this whole thing with a gum band and some balsa wood. And in order to get it done, you've got to do some slight exaggeration. So Ollie would say, Clair George says this is fine, the President told me that. I don't think that reflects -- yeah, I mean if we were all Jesuits it would be sort of difficult to understand.

But on the other hand, if you are operating in Washington and trying to do what he was trying to do, a certain amount of exaggeration is to be expected. Unfortunately, when it ends up like this, that it's on record, and you know, I met Mike, and Mike says, I never saw him, it's sad.

But I saw no instability. If anything else, he was a work fanatic who virtually killed himself to achieve what he perceived to be -- I guess he perceived to be -- the President's goals.

MR. MOFFETT: Off the record just a minute.

(A discussion was held off the record.)

MR. BARBADORO: Back on the record.

THE WITNESS: To clarify the record, the meeting where I was told the Israelis have Iranian contacts which they are prepared to share with the Americans, which could lead to the release of the hostages, that remark was made in the late summer, early fall of 1985 by Bill Casey in Bill Casey's office to me and to somebody else.

MR.BARBADORO: Thank you very much.

THE WITNESS: Thank you very much.

(Whereupon, at 5:11 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and Sworn to before me this __________ day of __________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

CERTIFICATE OF NOTARY PUBLIC

I, ANNE PELLECCHIA HOROWITZ, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony was taken by me by Stenomask and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
State of Maryland.

My Commission expires [illegible].

UN[redacted]

George Exhibit #1
4/24/87

5 Mar 85

[redacted]

2170

[redacted]

PAGE 001
TOR: 05[redacted]MAR 85 [redacted]

SECRET [redacted] MAR 85 STAFF

CITE [redacted]

TO: [redacted] HEADQUARTERS, DIRECTOR.

[redacted]

SUBJECT: ALLEGED [redacted] ROLE IN A[redacted]HIPMENT TO [redacted]

1. [redacted] FIRM "TRANS AMERICAN LTD.", MONTREAL, [redacted] CANADIAN ARMS THOU... [redacted]O WAS [redacted] PURCHASING 65 SA-7'S (AT $32,000 EA[redacted] 1,000 RPG-7 ROCKETS, 1.5 MILLION ROUNDS OF 7.62X39 AMMUNITIO[redacted] 100 75MM RECOILESS RIFLES, ALL FOR SHIPMENT [redacted] BUYING THE ABOVE MATERIEL ON BEHALF OF AN AMERICAN NAMED RICHARD ((SECOR)) (NOTE SPELLING IS PHONETIC[redacted] THOUGHT THAT SECOR WAS A RETIRED U.S. ARMY [redacted] AND WAS PURCHASING THESE WEAPONS FOR [redacted] WHILE SECOR HAD NEVER SPECIFICALLY STATED ANY [redacted] AFFILIATION, SECOR HAD CLAIMED THAT THE U.S. AUTHORITIES WOULD NOT OPPOSE THIS SHIPMENT BECAUSE "HE WAS ONE OF THEM." [redacted] SECOR HEAVILY IMPLIED THAT HE WAS WORKING WITH [redacted]

2. [redacted] HAD A POLICY PROHIBITING ARMS [redacted] TO ANY CENTRAL AMERICAN COUNTRY, [redacted] BOUGHT AN END USER'S CERTIFICATE F[redacted]

UNCLASSIFIED

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5300

Executive Registry 25453

1280

BEST AVAILABLE COPY

No Date

CONTRACTORS/CONSULTANTS--DISSEMINATION AND EXTRACTION OF
INFORMATION CONTROLLED BY ORIGINATOR--FGI

Central Intelligence Agency
Washington, D.C. 20505

George Ex. #2
4/24/87
Aphorowitz

C 2168

UNCLASSIFIED

C

WARNING NOTICE
INTELLIGENCE SOURCES OR METHODS INVOLVED

MEMORAN[illegible] FOR: Assistant to the President for
National Security Affairs

SUBJECT: Alleged Purchase of Arms [redacted] for Shipment to [redacted] on Behalf of the C.I.A.

THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE

[redacted]

2. In early January 1985 a [redacted]sentative of "Transamerican Limited," a Canadian arms trading company in Montreal, [redacted] purchasing arms for shipment to [redacted] Among the [redacted] purchased were 45 SA-7 missiles (at US$ 32,000 each), 1,00[redacted]G-7's, 1.5 million rounds of 7.62x35 ammunition and 100 75MM rec[redacted]ss rifles. [redacted] buying the material [redacted]half of an American named Richard Secor, a retired U.S. Army General. [redacted] Secor heavily implied that he was making the purchases for the Central Intelligence Agency.

3. [redacted] small arms exporting organization, that [redacted] a policy prohibiting arms exports to any Central American country. The "Transamerica" representative obtained [redacted] end-user certificates, which the [redacted] accepted. [redacted] [illegible]ost of the arms were airshipped to [redacted] in late January [illegible]unds for this purchase came from either the Bahamas or Cay[illegible]ds.

A

DECL: OADR DRV HUM 4-82 BY [redacted] ALL PORTIO[illegible]
CLASSIFICATION AND CONTROLS OF OVER ALL [illegible]

5301

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

25451

BEST AVAILABLE COPY

UNCLASSIFIED

C 2169

WARNING NOTICE
INTELLIGENCE SOURCES OR METHODS INVOLVED

4. [redacted]

5. (Headquarters Comment: The Central Intelligence Agency is not in contact with Richard Secor, who is a retired Air Force Major General.)

Clair E. George
Deputy Director for Operations

[redacted]

UNCLASSIFIED

25455

BEST AVAILABLE COPY

George Ex #3
4/24/87
[illegible]

7 JUN 85

National Security Council
The White House

UNCLASSIFIED

System # ____
Package # ____
N 7417

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson			
Bob Kimmitt		J	
John Poindexter	1		
Tom Shull			
Wilma Hall			
Bud McFarlane	2	M	A
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3		

I = Information A = Action R = Retain D = Dispatch N = No further Actic

cc: VP Meese Baker Deaver Other ____

Partially Declassified/Released on 10 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5302

COMMENTS

Should be seen by: ____
(Date/Time)

Bud,

I have told Ollie to plan to go ahead with [illegible] Confirm when he calls me in the morning. Please call me after you have read this.

J

UNCLASSIFIED

[redacted]

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

EYES ONLY

X	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)

UNCLASSIFIED SECRET SENSITIVE

E Y E S O N L Y

N 7418

NSC/ICS CONTROL NO. 400587

COPY NO. 1 OF 3

HANDLE VIA SYSTEM IV CHANNEL ONLY

EYES ONLY

NSC INTELLIGENCE DOCUMENT

UNCLASSIFIED

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

E Y E S O N L Y

UNCLASSIFIED TOP SECRET

UNCLASSIFIED

MEMORANDUM

SYSTEM IV
NSC/ICS-400557

NATIONAL SECURITY COUNCIL

June 7, 1985

TOP SECRET

N 7419

ACTION

EYES ONLY

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Status of Hostage Recovery Efforts

The two independent hostage recovery activities briefed last Saturday have proceeded as follows:

5302

[redacted]

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

TOP SEC
Declass

UNCLASSIFIED SE UNCLASSIFIED

N 7420

[redacted]

DEA Operation. At the request of the two DEA officers who originated the contact in Lebanon, I met with their asset in Washington. Last week, their intermediary expressed concern with proceeding with the operation based on the instability inside Lebanon. In response to their urgings (the DEA officers were made aware of the possibility that the Dawa prisoners could be executed shortly after the end of Ramadan--June 19) and the death of one of his contacts inside Lebanon, he has now agreed to proceed as follows:

-- He will depart Saturday, June 8, and meet a [redacted] contact in Europe as well as [redacted] who was the secondary contact inside Lebanon. He will urge [redacted] to return to Lebanon and arrange for a meeting on Cyprus among one DEA officer [redacted] himself, and [redacted]

-- Once contact has been established and a meeting arranged, the two DEA officers will depart for Cyprus via Vienna where they will deposit the $200K and establish an account for the $2M ($500K of which will be available immediately in U.S. dollars cash for use in Lebanon). [redacted] will then proceed to the meeting indicated above.

N 7421

-- The primary DEA contact [redacted] believes that the hostages can be bribed free for $1M a piece as follows:

- The $200K will be sufficient to bribe [redacted] This money will be passed [redacted]

- [redacted] will turn over the hostages to [redacted] who will transport them [redacted]

- Transport [redacted] will cost in excess of $250K apiece in order to bribe [redacted] believes that the $200K in cash will be sufficient to establish bona fides to [redacted] to agree to passage of at least 2 hostages. Once the operation is underway and the hostages are through [redacted] will be provided with $500K in cash.

- [redacted] will turn the hostages over to [redacted] where they will be placed aboard a rented yacht for transport to Cyprus.

- One of the DEA officers [redacted] will have proceeded to Cyprus to rent a safehouse as a temporary holding location in the event that all hostages are not recovered in the first attempt.

- The remaining $1.5M made available by the donor will be released from the account in Vienna as soon as the hostages are aboard the yacht and at sea [redacted] These funds will be used to pay the [redacted]

It is assumed that the price cannot be negotiated down given the number of people requiring bribes. Both the DEA and [redacted] believe that this effort will produce two hostages and that additional hostages will be released for $1M each. The safehouse will be used to harbor/treat the first two hostages while arrangements (both financial and operational) are being made for the remaining hostages. [redacted] believes that 72-96 hours would be required for a second round. This assumes that additional funding is available on a near real-time basis. The donor is aware that the price being asked is $1M each. He is unaware that we are proceeding with a plan to release only two if the price does not come down.

UNCLASSIFIED EYES ONLY

TOP SECRET

N 7422

The DEA officers are prepared to take leave as soon as they are contacted by [redacted] Travel arrangements and operational costs are currently being financed from funds normally available to the Nicaraguan resistance. Our normal point-of-contact in the resistance for these matters is not yet aware.

Summary. As discussed with ADM Poindexter, it appears that both these plans can proceed simultaneously without undue concern for compromise or mutual jeopardy. Given that arrangements for the DEA operation will take considerable time (contacts inside Lebanon, financial transactions, and rental of yacht/safehouse), [redacted]

RECOMMENDATIONS

1. That you approve proceeding with the plans outlined above.

Approve ______ Disapprove ______

2. That you contact the Attorney General and ask that the two DEA officers [redacted] be placed on temporary detail to the NSC for a period of 30 days.

Approve ______ 6/9 Disapprove ______

RCM

North [illegible] 6/10 [illegible] AG

Attachments [redacted]

TOP SECRET

UNCLASSIFIED EYES ONLY

UNCLASSIFIED

N 7423

TAB A

UNCLASSIFIED

8 page

N 7424 thru N-7431

DENIED IN TOTAL

UNCLASSIFIED

7 Dec 85
86-4068 II

~~SECRET~~ UNCLASSIFIED

George Ex. #4
4/24/87

7 December 1985

I 0393

MEMORANDUM FOR THE RECORD

artially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5303

SUBJECT: NSC Mission

1. On Saturday, 23 November 1985, Ed Juchniewicz asked me if I was aware of all the activity transpiring on the effort to get the hostages out. He showed me a cable to [redacted] asking that we pass a message to the charge from the Deputy Assistant to the President for National Security Affairs. The message assured the charge that only the Secretary of State and Ambassador Oakley were aware of the operation. I told Juchniewicz that I was unaware of the specifics of the operation but due to the sensitivity of the operation, it was appropriate that we pass correspondence between the NSC and the ambassadors overseas, but only communications, that we could not be involved without a Finding.

2. On Monday, the 25th of November, while visiting the Office of the DDO, [redacted] was present and had given Clair George a Spot Report on a flight that [redacted] had made in support of the NSC mission. I went through the overhead pointing out that there was no way we could become involved in any implementation of this mission without a Finding. Mr. Juchniewicz explained that we did not make the arrangements. When General Secord visited the Agency he tried to get leads on airlines that might be available to move equipment to the Near East in a secure fashion. We told him we did not have any such airlift capability. However, Mr. Juchniewicz said it was pointed out to General Secord that there was a commercial airlift that might do it owned by [redacted] General Secord then took it from there and made arrangements for a flight on a strictly commercial basis.

3. Somewhat distressed at this turn of events, I immediately informed our General Counsel after confirming with Dewey Clarridge our involvement. I instructed the [redacted] personnel to immediately go over and brief the General Counsel and so advised the General Counsel at 5:15, the evening of 25 November. He informed me later that night that a Finding would be required, not so much from the airlift standpoint, but from our involvement in influencing foreign government officials to assist the mission. A Finding was prepared the next day. The Finding was cleared with the Director who called McFarlane and Don Regan to ascertain that indeed this had Presidential approval and to get assurances that a Finding would be so signed. After repeated calls to NSC personnel on 27 November and during the week of 2 December continuously receiving reassurances of the President's intent to sign the Finding, we were notified on 5 December that indeed the Finding was signed. The President directed us not to inform Congress for the reasons of the safety and secure release of the hostages until he so directed.

UNCLASSIFIED

4. (On 25 November, the Ambassador in [redacted] cabled the Director personally [redacted] noting that Ambassador [redacted] would like to talk to the Director on the telephone. In response, I released a cable to the Ambassador assuring him that the operation that he had been briefed on by the DCM was initiated by the National Security Council but suggesting it would not be wise to attempt to reactivate our request to get [redacted] approval.)

John N. McMahon

UNCLASSIFIED

C 5775 25 NOV 85
George Ex#5
4/21/87

C/EUR
ACTION

[redacted]

85 [illegible] ASZ PAGE 001 IN 9110344
TOR: 25[redacted] NOV 85 [redacted]

S E C R E T 25[redacted] NOV 85 STAFF

CITE [redacted]

TO: FLASH DIRECTOR.

[redacted]

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

SUBJECT: NSC REQUEST

REF: [redacted]

(5304)

1. ACTION REQUESTED: FLASH RESPONSE SOONEST TO REF AND FOLLOWING.

2. [redacted] MET WITH AMB. [redacted] AT [redacted] HOURS. AMBASSADOR WAS ALSO CONVOKED. [redacted] QUITE UPSET OVER MULTIPLE FLIGHT PLANS RECEIVED, FACT FIRST FLIGHT CAME DIRECTLY FROM [redacted] AND DID NOT REQUEST CLEARANCE BEFOREHAND AND CONFLICTING STORIES ABOUT PLANE'S CARGO. [redacted] TOLD [redacted] IT WAS OIL INDUSTRY SPARE PARTS, TELEX FROM CARRIER STATED MEDICAL SUPPLIES, AND THE PILOT TOLD GROUND CONTROLLERS HE WAS CARRYING MILITARY EQUIPMENT.

3. [redacted] CARRIED THE CAN ON THIS SO AS NOT TO INVOLVE AMBASSADOR AND DEPARTMENT (DEMARCHE WILL NOT BE REPORTED OTHER THAN IN THIS CHANNEL).

4. BOTTOM LINE IS THAT [redacted] STILL WANTS TO ASSIST BUT HAS DEVELOPED A LITTLE CYNICISM ABOUT OUR INTERACTION WITH THEM ON THE MATTER. [redacted] AGREED THAT FURTHER FLIGHTS COULD PROCEED SUBSEQUENT TO [redacted] ALSO INSISTS THAT PLANES FOLLOW NORMAL PROCEDURES, I.E. REQUEST OVERFLIGHT CLEARANCE, AND THAT THEY DO NOT SHUTTLE FROM [redacted] AS NOTED [redacted] PLANES MUST NOT COME DIRECTLY FROM [redacted] THEY SHOULD TURN WEST AND PICK UP OTHER ROUTING. EVEN BETTER, WOULD BE NOT TO UTILIZE [redacted] AT ALL. [redacted]

5. ANOTHER MATTER REQUIRING CLARIFICATION IS THE QUESTION OF AIRCRAFT. [redacted] HAS IMPRESSION FROM PAPERS FILED BY CARRIER THAT SAME PLANE TO BE UTILIZED AND SHUTTLE FROM [redacted] THAT IS NOT [redacted] IMPRESSION FROM EARLIER TRAFFIC. PLS CLARIFY.

6. THE SITUATION NOTED PARA 2 REF, I.E. SECOND FLIGHT AT 0430 THIS MORNING DID NOT EVENTUATE. WE NEED, HOWEVER, TO TRY AND EXPLAIN AWAY THE MULTIPLE FILED FLIGHT PLANS., IS IT PROBABLE THAT THEY REPRESENT PLANNING PRIOR TO THE RESTRICTIONS PLACED ON FLIGHTS BY [redacted] IF SO, WAS THERE A BREAKDOWN IN COMMUNICATIONS AND CHARTER CARRIER DID NOT GET THE MESSAGE? THIS IS A POSSIBLE EXPLANATION [redacted] PRESENTED TO [redacted].

3 7C

7. IN ANY EVENT, WE ARE GOING TO HAVE TO TRY AND SATISFY THE [redacted] POINTS OUT THAT ATTEMPTS TO CIRCUMVENT THE GROUND RULES (EITHER CONSCIOUSLY OR THROUGH POOR COORDINATION) RUNS RISK OF A LEAK AND BAD PUBLICITY, HARMFUL MORE TO U.S. THAN [redacted]

C/IN 2184/A

REVIEWED FOR RELEASE
Date 12 APR 1987
HSC . SSC

UNCLASSIFIED

[redacted]

George Ex #6
4/24/87
Apdorrvitz

No Date
288

C 5281

[redacted]

Non Relevant

Finding Pursuant to Section 662 of the Foreign Assistance Act of 196[redacted] Amended, Concerning Operations Undertaken [redacted] the Central Intelligence Agency in Foreign Cou[redacted]es, Other Than Those Intended Solely for [redacted] Purpose of Intelligence Collection

5305

I have been briefed on [redacted] efforts being made by private parties to obtain the releas[redacted] Americans held hostage in the Middle East, and hereby [redacted] that the following operations in foreign countries (inclu[redacted] all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

Partially Declassified/Released on 10 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

SCOPE	DESCRIPTION
Hostage Rescue - Middle East	The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign materiel and munitions may be provided to the Government

REVIEWED FOR RELEASE
Date 15 APR 87
HSC SSC
= 3 7

DO 44569

N.11N2180

UNCLASSIFIED

289

of Iran which is taking steps to facilitate the release of the American hostages.

5282

All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

C

The [illegible] Hou[illegible]
Washi[illegible] D[illegible]

Date:

I

A

UNCLASSIFIED

37

DO 445

REVIEWED FOR RELEASE
Date 15 APR 87

C11N2180

UNCLASSIFIED

17 JAN 8?
George Bx #7
4/24/87
C 1722
[illegible]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5306

The White House
Washington, D.C.
Date January 17, 1986

Ronald Reagan

OGCR TS 0801-86
Copy 1

UNCLASS[redacted]

[illegible] 32,529

C11N 1122

SECRET
UNCLASSIFIED

CANTOR
MILTON

HSIS-44/87

DEPOSITION OF RONALD D. GODARD

Thursday, May 21, 1987

U.S. House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D. C.

The Committee met, pursuant to call, at 3:10 p.m., B-352, Rayburn House Office Building, Terry Smiljanich presiding.

Present: Tim Traylor, on behalf of the House Select Committee.

Terry Smiljanich, on behalf of the Senate Select Committee.

Also present: George Taft, Legal Division, Department of State

artially Declassified/Released on Dec 14, 1988
under provisions of E.O. 12356
by D. Sirko, National Security Council

4031

2 of 3

UNCLASSIFIED
SECRET

CONTENTS

DEPOSITION OF: PAGE

Ronald D. Godard 3

MR. SMILJANICH: I understand that this reporter is a notary public in the State of Maryland. I have no objection to this reporter administering an oath for purposes of this deposition, and have no objection to the form of the oath.

Whereupon,

RONALD D. GODARD

was called as a witness and, after having been first duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SMILJANICH:

Q State your name, please.

A My name is Ronald Duant Godard.

Q Mr. Godard, you know my name is Terry Smiljanich. I am here to take a deposition on behalf of the Senate Select Committee on the Iran-contra matter. Also with us is Tim Traylor, who represents the House Select Committee on the same matter.

I just want to ask you some very brief, general questions concerning your knowledge about certain matters. If there is anything I ask you or if you don't understand my question, please let me know that you don't understand and I will be happy to rephrase my question.

A Very good.

Partially Declassified/Released on Dec 18 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

Q You are currently Deputy Director for Central American Affairs in the Bureau of Inter-American Affairs?

A That's correct.

Q Department of State?

A That's correct.

Q How long have you held that position?

A I have held that position since July 8, 1985.

Q What are your duties as Deputy Director?

A As Deputy Director, I am in charge of bilateral relations with Nicaragua, Costa Rica and Honduras. I have also been involved in regional affairs in one capacity or another, and duties as assigned to me by the Director of the office.

Q Is there currently a Director of the office?

A The Director is currently on TDY assignment, temporary assignment to San Jose, Costa Rica, as chargé.

Q That is Rick Melton?

A Richard H. Melton.

Q Who does he report to, when he was Director?

A Richard Melton reports directly to the Deputy Assistant Secretary in charge of Central American Affairs, and ultimately, of course, to the Assistant Secretary in the ARA Bureau.

Q And William Walker is the Deputy Assistant Secretary whom he reports to?

A That's correct.

Q There is an organization or group called the Restricted Inter-Agency Group that has been in existence for some time, which deals with Central American policy or Latin American policy also, is that correct?

A That's correct, known by various names.

Q Let's start off with when you first came in July of 1985. What organizational structure was in existence in terms of an inter-agency panel or group?

A Here let me stress that I did not attend RIG meetings, but what did exist at that time as an inter-agency coordinating body was what was called the RIG for Central America. It was a restricted inter-agency group.

After the passage of the humanitarian assistance legislation, its implementation beginning in I guess it was October of 1985, there was a more formal inter-agency group created that was then supervised by a senior inter-agency group, and that structure was set down, as I recall, in an executive order.

Q Was the inter-agency group that was formed or created in October of 1985 also referred to as a restricted inter-agency group, a RIG?

A The terms are used sort of interchangeably, and quite frankly there is also a restricted inter-agency group, a RIG for Latin America, which is a much broader, much larger group, and as I understand the term, and I did not go to either body, I stress again, to their deliberations, the Restricted Inter-Agency Group was a much broader organization, whereas the IG, as I knew it, was limited to representatives from four or five agencies.

Q Let's start with the RIG, the larger group. When the larger group, when the RIG dealt with Central American matters as opposed to South American, what groups -- I understand you did not attend the meetings, but you must have had some understanding of the fact that such an organization existed and who was attending.

A Yes.

Q Who, to your knowledge, were the various groups and people who were represented at the large RIG?

A At the large RIG?

Q Yes.

A For Central America?

Q Yes.

A There I do not think of it in terms of being a large RIG. This is a smaller group.

Q Tell me who you --

A The agency representatives, insofar as I know, were DoD, Nestor Sanchez, for the Central Intelligence Agency, [redacted] for NSC Ollie North, and Ray Burkhart also often attended from NSC. Elliott Abrams, and then there was a representative from the Joint Chiefs of Staff, and I don't know who that was. It has changed now.

Q Was there, to your knowledge, a smaller working group which dealt specifically with the contras?

A There were working groups derived from the inter-agency group that got together on an informal basis to discuss specific problems, as descirbed by the participants, and as directed by Elliott Abrams.

Q Specifically, I realize this may not have been a formal organization, but was there a smaller working group, inter-agency group, dealing with matters involving the Nicaraguan resistance, that was more tightly held, the information within that group more tightly held than the larger formal RIG, and composed primarily of Elliott Abrams, [redacted] and Ollie North?

A I don't know if it had an organic identity as such, but those three individuals certainly got together and discussed issues regarding democratic resistance.

Q With approximately what frequency, to your knowledge, did that group get together to discuss the Nicaraguan resistance?

A Here I would have to estimate.

Q I understand.

A I just don't know from my own knowledge. I would say once a week perhaps.

Q Was that group known by any particular name? Did people refer to it as something that would identify it in your mind as those three particular people dealing with that matter?

A It could easily have been known as a specific group by other people. I did not think of it in those terms myself, since I was aware that there were other participants in the formal RIG or IG structure.

Q Did you ever hear of the folks referred to as a RIG-let or mini-RIG, anything like that?

A I have heard those terms. I can't remember now when I first started hearing them, but I don't remember it in reference to those three people.

Q But you did have an understanding that these three people would on an informal basis meet approximately once a week to discuss matters involving the Nicaraguan resistance in Central America?

A Yes, once a week, once every two weeks, whatever as necessary.

Q And this is during what period of time?

A Well, certainly from the beginning when I first came to Washington in July of 1985 through the beginning of the humanitarian assistance program, and after that until the middle of last year anyway.

Q Until the summer?

A That's right.

Q Early fall of 1986?

A Yes.

Q Since then, since the fall of 1986, is there in fact a formal organization set up to deal specifically with the Nicaraguan situation?

A That's correct.

Q That is called the IG-N?

A IG-N, and it is supervised or its activities are reviewed by senior inter-agency group, which is chaired by Mr. Armacost.

Q The RIG and the smaller working group of the RIG were chaired by Elliott Abrams, is that correct?

A That's correct.

Q When these groups formed policies or made decisions, how were you informed of the actions of these groups?

A I was indirectly given instructions. My boss, Rick Melton, is not a participant ordinarily. I suppose occasionally he might have been invited to meetings, and indeed did occasionally, was invited to meetings. That happened on an informal basis as well. Depending on the issues to be discussed others would be invited, and Rick would come back and there would be taskings or instructions for our office to carry out, to produce papers or whatever, so that is how I would get instructions.

Q When you started as Deputy Director for Central American Affairs, what has come to be known as the Boland amendment, the second Boland amendment, which provided for a complete cut-off of all U.S. aid to the Nicaraguan resistance was in effect in July of 1985 when you accepted your position, is that correct?

A As far as I know, it was.

Q Were you given anything in the way of guidelines or instructions as to permissible or non-permissible activities in light of that legislation?

A You mean upon my arrival in Washington and taking up my duties?

Q Right.

A No, I was not given any specific instructions. I did have some consciousness from my previous assignment that there was a Boland amendment and that there were restrictions on what Government agencies could do.

Q Did you at some point ask legal counsel at State Department a question concerning what your actions should be in light of the Boland amendment?

A At one point I recall asking for an interpretation of the Boland amendment, telling me what it actually provided, and I think "L" did provide or did produce a document which sort of gave the outlines of the Boland amendment.

Q Had anything in particular raised this question for you?

A I don't recall.

Q Do you remember who provided the --

A Peter Olsen would have been the one that I approached on it.

Q You told us at our interview several weeks ago about the time in which you, you meaning your organization, were getting calls from people wanting to know where they could contribute.

A Yes.

Q When they could contribute money to the contras, and where they could do this, and that you had a question about how you should handle that, and you went to Peter Olsen.

A Correct.

Q To get some guidance. Is that what you are talking about?

A No. That is not exactly what I am talking about. We did, of course, seek, in handling this correspondence, to get cleared through "L" a letter that was acceptable in terms of the law, but questions about the Boland amendment came up in other contexts as well, and I simply can't remember what the instance was that prompted me to request that information.

Q Do you recall when this was?

A No.

Q Could you relate it to when you started your duties?

A Not really. It could have been much later than that. I remember being very confused at one point as to whether the Boland amendment, if it had an ending point, and I think that was one thing that concerned me, because there were two schools of thought. People were saying various things, that it was still in effect, and others that it was not, and I think that was one of my specific questions of Peter Olsen.

Q Your confusion arose from the fact that there was on one hand a Boland amendment cut-off. On the other hand, there was new legislation authorizing $27 million in humanitarian aid?

A That's right.

Q And your question was, well, does that supersede Boland?

A That's right.

Q Does that mean the original cut-off was over with or not?

A That's correct, and there were people who -- yes, there were both schools of thought, as I recall.

Q Can you recall anything specific that was decided that you were told by the very small working group involving the contras composed of Abrams, North and [redacted] Were you ever told that this particular group had come up with any decision that you were supposed to implement?

A What Rick would come back with for me were instructions to do things in the way of getting information from our embassies, our instructing our ambassadors to go in and do representations to the governments they were accredited to. I'm sure there must have been instances when he came back and said it has been decided, but his instructions came from Elliott. It was not conveyed as an IG decision per se. He worked for Elliott and he came back, Elliott wants this, Elliott wants that.

Q Prior to the time it became a matter of some public discussion, were you ever apprised of the fact that there was some type of a secret airfield in [redacted] [redacted] that was built by some people, to be used for contra resupply?

A I heard rumors about it being in [redacted] [redacted] and quite frankly I confused it with another airfield that I was aware of [redacted]

[redacted] and I had thought that was what people were talking about. I subsequently discovered relatively recently that it was something else.

Q Do you recall who was discussing it and what they were saying when you had this confusion about what they were talking about?

A [redacted] and I don't specifically recall who told me this.

Q You were aware, were you not, throughout the latter part of 1985 and through 1986 that Ollie North was very active in connection with matters in Central America involving the Nicaraguan resistance?

A Sure.

Q That was pretty well known, wasn't it?

A Sure.

Q What view did you have of it? In other words, what was your impression of what Colonel North was specifically doing in Central America, and I would assume that you would have some curiosity about it, being the Deputy Director for Central American Affairs. What did you know about it, or hear about it?

A I heard rumors. I was not clear that there was illegal activity going on, but the rumors were in that context.

As I recall, there were press stories as well during that period on what the NSC was about in the area of private contacts, and that is about it. I did not probe deeper than that.

Q You mentioned press reports. In August of 1985, The New York Times ran a story which specifically named Ollie North as the White House staff person who was coordinating activities involving the contras' military efforts in Central America, allegedly in violation of existing statutes, and in fact the Managua newspapers picked it up, Izvestia ran an article on Ollie North, so there was a lot of press focus on North in August of 1985.

Did you, in response to any of that, do any looking into the situation to try to find out whether there was anything behind these allegations?

A No, I did not.

Q Do you know if anyone else did at State Department?

A No, I do not.

Q Was there a reason why you didn't look into it? Were you not curious as to whether or not -- go ahead. Was there a reason why not?

A I was very curious but it really wasn't our responsibility to do that, insofar as I interpreted my job. Perhaps if there was illegality, it was for the law enforcement agencies to look into.

Q You mentioned some of the rumors surrounding Colonel North's activities involved the question of legality. What specifically did you hear about that?

A Well, fund raising, talk about fund raising. Mostly that, that he was involved with a private network of raising money, and he was obviously in contact with resistance leaders frequently as well.

Q How did you know that?

A Hearsay, people told me he was.

Q Throughout the latter part of 1985 and the first part of 1986 there was a large and understandably concerted effort within the bureau to try to get new legislation passed authorizing aid to the Nicaraguan resistance. Were you a part of that legislative effort?

I know that, for example, Jim Michel was very involved with it, and other people. Was that one of your tasks?

A Very much so, yes.

Q During that time period, though, what was your understanding as to how the contras were being supplied or provided during this period where they had no aid coming to them?

A Well, it is my understanding that they had private sources of funding. I didn't know who the suppliers were per se. At a time I had been in Costa Rica I had heard mentioned frequently of foreign countries that were donors to the resistance. I had also heard that there were American citizens who were contributing to them.

As we went into the arrangements for the humanitarian assistance program, we were also thinking as we approached that that we were building on an existing supply network. By that I mean the Nicaraguan humanitarian assistance program, for instance, was not going to have to create something out of whole cloth so far as delivering those supplies, that there was an existing network for getting stuff to them, which simplified the task, we thought.

Q In other words, it was your understanding that the Nicaraguan resistance had its own logistics system --

A That's correct.

Q -- in place, which the humanitarian aid program could make use of, in getting the humanitarian aid to the resistance?

A Right. In other words, we would simply deliver it to them stateside and then they could take care of getting it where it was supposed to go.

Q When the humanitarian aid program actually got off the ground, did you discover that in fact it wasn't the case, that they had a very well-organized logistics system to handle this?

A At one point I remember talking about this with Bob Duemling, who was the director of the program, and he discovered as he worked along with the program that this logistical network which he thought when he went into the program was much less than what he had hoped.

Q Did you know whether or not Ollie North had anything to do with the logistics system?

A I suspected that he did, but I don't know that.

Q What was the basis of your suspicion?

A The news reports, for one thing.

Q Anything else?

A Just rumors.

Q Did he ever talk to you about any of those matters?

A No.

Q Did you have very many meetings one-on-one with Colonel North?

A Ran into him in the halls when he was coming to meetings in the front office of the bureau, but other than that, no.

Q You mean meetings where he was going to go in and talk to Elliott Abrams?

A That's correct.

Q But did you ever participate in any one-on-one meetings just between you and Ollie North to discuss anything?

A There was one one-on-one meeting; this was in San Jose, Costa Rica, before I even knew who Ollie North was, really. He was down there, it must have been during my first -- I just don't recall. It was when Ambassador Windsor was there, so it wasn't my first ambassador, it was my second ambassador, and it would have been probably in 1984 where he was in town. He sought me out to chat a little bit about the ambassador actually, and it was about a five- or ten-minute conversation.

Q Do you recall what it was about?

A He was worried about [redacted]

Q Were you involved at all in any of the series of meetings that were held with General Singlaub concerning a trip he was going to take [redacted] [redacted] in the spring of 1986?

A I wasn't involved in those.

Q You didn't sit in on any of the meetings?

A No.

Q In which Assistant Secretary Abrams or sometimes Rick Melton met with General Singlaub?

A No. I was aware at least of one of the meetings that Singlaub was going to meet with Rick. I was not aware of the contents of the meetings until after the fact.

Q When General Singlaub went [redacted] there were then some fund communications back and forth from there. While he was [redacted] were you aware of the fact that General Singlaub was [redacted] specifically trying to get some private solicitations for the contras?

A I recall, I seem to recall, and here let me tell you that after when I really became aware of what happened in those meetings was when I was asked by the bureau to collect some documents for you people, as a matter of fact, I think.

Q So you have seen the series of memos?

A That is when Rick turned over to me the six memoranda and then I collected them for the rest of the bureau and turned them in, but I seem to recall that I was aware that Rick was expecting a call from Singlaub [redacted], but I did not know the content of what they wanted to talk about.

Q There is at this point a bit of discrepancy in who can remember what about that. Let me tell you what the discrepancy is and then see if you can come down on one side or the other and tell me if you have any information about it.

On the one hand, there is the allegation that General Singlaub thought that he had the okay to make these approaches, and that then he got a phone call while he was over there telling him "Don't do it, we have changed our mind."

The other side of the story is that, no, he was never told that it was authorized, and he called from there and was then finally, you know, it was finally too late to put him off anymore. He had to be told, "We're sorry, but we're not going to give you the signal that you want us to give to the foreign government."

Do you have any information one way or the other as to which of those two is more accurate?

A No, nothing beyond the memoranda that I read.

MR. SMILJANICH: I have no more questions.

EXAMINATION BY THE HOUSE SELECT COMMITTEE

BY MR. TRAYLOR:

Q I have a couple of questions to cover some ground that Terry covered already.

You stated that you did not attend the RIG or the IG meetings. Did Bill Walker ever give you read-outs on the meetings that he attended?

A Yes, he did. I said earlier that it was Rick, but sometimes Rick and I would together go up and Bill could give us a read-out. I don't remember ever getting a read-out from Elliott directly, and there would be instances I'm sure when Rick was gone for one reason or another, when Bill would just call me up by myself to give me a read-out.

Q Could you give an example of what kind of a read-out Walker or Melton would give you?

A If Rick were there to actually give a direct read-out on what went on -- as I say, he didn't always attend the RIG or the IG meetings; he may occasionally have gone to those -- it would be there was a RIG or an IG meeting this afternoon, and we have got some things to do. We need to get a table out [redacted] find out what they know about this incident. Elliott needs some more information on such and such a thing. We have got to tell [redacted] to be careful about such and such a thing or we have got to find out from them such and such information.

Q From these read-outs or briefings that were given to you, did you ever have the impression or belief that these RIG meetings they were discussing involved the contra resupply operation?

A No. Well, of course, until we were doing humanitarian assistance.

Q Of course.

A Which was a major item on the agenda.

Q Lethal aid?

A Yes.

Q Regarding the secret air strip [redacted] you said you heard veiled references there was this strip, and you said you couldn't recall. This issue is an important one to us, to this investigation, to know the extent of the knowledge and when it was first known.

I take it these rumors, from what you said earlier, that you possibly heard them [redacted]

A Yes.

Q From people [redacted]?

A Yes. [redacted]

Q After you had assumed your current job?

A Yes, after July of 1985. I was [redacted]

Q Would it be fair to say that it is likely, then, that you learned about this air strip in [redacted]

A Probably.

Q That is [redacted] of 1986?

Q Would it also be fair to say that it is possible that you learned it [redacted]

A Possible, and as I say, it just didn't register with me, [redacted]

Q I would like to talk a little bit about the bad blood between the past I guess and now between ARA and INR.

A Yes.

Q And your knowledge of that, and the extent of the problem if you could.

A Yes. My previous ambassador, my first ambassador was Frank McNeil, who came to be the Deputy Director of INR. I maintain contact with Frank, and have talked to him frequently really during the period when this bad blood was supposed to exist. Frank never spoke directly to the problem with me. I heard from other people that there were disagreements between Elliott and Frank, the feeling being that the analysis was wrong and was skewed for ideological reasons.

I have seen the same reports that were objected to by my front office, but I do not have direct knowledge of the feud between the two personalities involving Elliott and Frank McNeil. I only heard of it from third parties, and I have heard that the role of INR as a counselor or adviser to ARA was circumvented. They were shut out of things because of this disagreement.

I have no feel for how extensive INR's role in that regard was with ARA before, because I wasn't there. It was certainly my impression since I arrived that INR was not really in the confidence of my front office.

MR. TRAYLOR: Thank you, Mr. Godard. I have no other questions.

MR. SMILJANICH: Nothing further.

(Whereupon, at 3:45 p.m., the deposition was adjourned.)

end emm

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

4131

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

Partially Declassified/Released on 4 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

OFFICE OF THE CLERK
Office of Official Reporters

COPY NO. 2A OF 3 COPIES

RPTS DINKEL

DCMN STEVENS

DEPOSITION OF ROY S. GODSON

Thursday, September 10, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 9:30 a.m., in Room B-336, Rayburn House Office Building, Thomas Fryman [Staff Counsel to the House Select Committee] presiding.

Present: On behalf of the House Select Committee: Thomas Fryman, Staff Counsel; Kenneth R. Buck, Assistant Minority Counsel; Spencer Oliver, Associate Counsel; ~~and~~ Tom Ciehanski, Investigator, and Burt Hammond, Associate Counsel.

On behalf of the Senate Select Committee: Thomas McGough, Senate Staff Counsel~~, and Burt Hammond, Investigator~~.

On behalf of the Witness: Earl Silbert, Esquire.

Partially Declassified/Released on 4 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

Whereupon,

ROY S. GODSON

was called for as a witness and, after having been duly sworn, was examined and testified as follows:

MR. SILBERT: My name is Earl Silbert. I am acting in behalf of the witness, Roy Godson.

I would like to introduce and make a matter of the record at the outset three documents. First is a letter from me addressed to the Honorable Congressman Lee H. Hamilton, attention of John Nields and Mr. Thomas Fryman. That was a letter dated September 8, 1987, and related to my understanding of the scope of the deposition of Mr. Godson. And briefly summarized, it simply states my understanding the questions will relate to [redacted] and to Switzerland, but that particularly within the category of questions relating to Switzerland, I wanted to be sure that the questions were germane to the appropriate subject matter of this committee, that is, within the scope of the mandate of this committee.

And in respect to that, I relied in part and attached to the letter a document that I would like marked as Godson Exhibit number 2, or however you handle documents such as this, a Washington Report of Congressman Lee Hamilton dated August 9, 1987, in which he set forth the

UNCLASSIFIED

policies that were being investigated by this Select Committee.

. The third document is a letter that I received in response form Mr. Fryman dated September 9, 1987, in which he acknowledged receipt of my letter dated September 8, stated that he did not agree with some of the statements about either the prior interview of Mr. Godson to which reference was made in my letter or about our discussion of the scope of today's deposition.

. And together with his letter, Mr. Fryman attached a copy of the House Resolution 12 establishing the House Select Committee.

. I would simply state for the record, Mr. Fryman, that my recollection is unequivocal, it doesn't mean I am saying your recollection is wrong, my recollection is very clear as to what I understood the scope of the deposition to be and it was [with] that in mind those only subjects on which I prepared Mr. Godson for his deposition today.

. In particular, since he is under oath, I would feel very much remiss in proceeding, almost guilty of malpractice, if I permitted him to go forward and respond to questions under oath on subject matters for which he was not prepared by counsel.

. So I hope that the questioning can be confined to those two areas as my recollection is clear.

UNCLASSIFIED

MR. FRYMAN: What would you like to mark as an exhibit, Mr. Silbert, the two letters?

MR. SILBERT: Yes.

MR. FRYMAN: And Congressman Hamilton's report?

MR. SILBERT: If you want to have the House Resolution as a further exhibit, I have no objection.

MR. FRYMAN: I don't think that is necessary. That is part of the record of this committee.

If we would mark as Godson Deposition Exhibit 1 for identification, I think it appropriate to mark all of these documents as one exhibit, Mr. Silbert.

MR. SILBERT: That is fine.

MR. FRYMAN: The two letters and the Washington Report from Congressman Hamilton that Mr. Silbert identified.

After further discussion between Mr. Silbert and me, we have decided that the best way to proceed is to mark his letter of September 8, 1987, Deposition Exhibit 1A; my letter of September 9, 1987, Deposition Exhibit 1B; and the Washington Report of Congressman Hamilton, dated August 19, 1987, Deposition Exhibit 1C.

[Deposition Exhibits 1A, 1B, and 1C were marked for identification.]

MR. SILBERT: The only other matter I wish to put on the record at this time is the fact that your letter referred to this deposition being classified as top secret. I just wish to put on the record and make it clear that I, as counsel for Mr. Godson, Professor Godson, have no clearances of any nature whatsoever to my knowledge, certainly none so far as I am aware with respect to this proceeding. I don't think I have any.

And, as a result of that, in the course of my representation of Professor Godson, I have never discussed with him any material that I thought was classified and certainly as far as I know he has advised me he has never told me anything or discussed with me anything he considered classified because he was aware that I did not have any clearances.

I only state that as regard any questions that might relate to a classified area, since I would never have had a chance to prepare Mr. Godson as his counsel to respond to inquiries on such questions.

MR. FRYMAN: Mr. Silbert, I was going to say that I had three preliminary remarks to make, and you have anticipated the first one.

MR. SILBERT: Very well.

MR. FRYMAN: On the subject of classification of the deposition, I did indicate in my letter to you that this deposition and the transcript of the deposition would be classified top secret. I did that in response to what I thought was a concern of yours about Mr. Godson testifying with respect to the purpose of his fund raising in connection with certain events in Nicaragua.

. Prior to the commencement of the deposition this morning, you and I have discussed this matter and we have concluded that it may not be necessary for the deposition to be classified and we have agreed that we are commencing the deposition on an unclassified basis.

. If we reach the point that it appears that some of the questions involve areas that may relate to classified subjects, we have agreed that we will suspend~~s~~ the questioning and we will then discuss how we should proceed.

. MR. SILBERT: That is the reason--

. MR. FRYMAN: The second comment I wanted to make is in response to our comments about the areas of investigation and our prior discussions and the prior interview of Mr. Godson.

. As I stated in my letter, I do not agree with some of the statements in your letter. So far as I am concerned the scope of questioning today is governed by House Resolution 12, of which I sent you a copy, but it seems to me that there is no purpose to be served at this point with you and I getting into a lawyer's argument back and forth, and I will just let the record as far as I am concerned remain with the exchange of letters between us.

UNCLASSIFIED

The third point I wanted to make, however, is in response to your comment about your not being able to prepare Mr. Godson on any subjects other than the subjects that you referred to in your letter.

In your letter of September 8, you asked that I advise you by the close of business on Wednesday, September 9, if I had any disagreement with your letter and my letter was sent to your office before the close of business yesterday.

So as far as I am concerned, you were on notice of my position as to the scope of this deposition prior to the close of business yesterday, which was the time you asked to be notified of my position, and so far as I am concerned, the scope of the examination today is governed by the subject matters set forth in House Resolution 12.

MR. SILBERT: We just respectfully disagree on that.

MR. FRYMAN: Right.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. FRYMAN:

Q Mr. Godson, would you state your full name for the record, please?

A Roy S. Godson.

Q In what city do you reside, Mr. Godson?

A Washington, D.C.

Q Where did you obtain your undergraduate degree?

UNCLASSIFIED

. A Middleburg College.

. Q Is that in--

. A Vermont.

. Q What was your field of study?

. A Political science.

. Q And you received a B.A. from Middleburg?

. A Correct.

. Q What year was that?

. A 1964.

. Q Did you pursue graduate studies after receiving your B.A.?

. A At Columbia University.

. Q In what field?

. A International relations, national security.

. Q Did you receive a further degree?

. A An M.A. and a Ph.D.

. Q What years did you receive those degrees?

. A I can't remember exactly, but M.A. would be in the late sixties, and Ph.D. in the early seventies.

. Q Did you write a dissertation in connection with your Ph.D.?

. A I did.

. Q What was the subject of your dissertation?

. A The role of the American labor movement in European politics.

Q Have you served as a consultant to the National Security Council?

A I have.

Q Since when have you served as consultant?

A 1982 to 1987.

Q You are no longer a consultant?

A That is correct.

Q When did you cease being a consultant?

A I think in July 1987.

Q Do you know the reason why you were originally offered a position as a consultant to the NSC?

MR. SILBERT: Do you know the reason?

THE WITNESS: I think so.

BY MR. FRYMAN:

Q What do you believe to be the reason?

A I think the reason was because of my study of United States intelligence and its requirements for the future.

Q Who told you that was the reason?

A I said I thought that was the reason, but I don't recall a specific reason being given. But the person who asked me to serve as consultant and who asked Judge Clark to interview me was Kenneth DeGraffenReid, who worked in intelligence, who served in the Internal Directorate, and was subsequently Director of Intelligence Programs at NSC.

. Q Is it your understanding that Mr. DeGraffen Reid was the person who initiated the discussions about your becoming a consultant?

. A Yes.

. Q Do you know if William Casey had any role in your being appointed as consultant in the NSC?

A I don't know.

Q Do you have any information that indicates whether he had such a role?

A No.

Q How did you know Mr. De Graffenreid?

A In the late 1970s, when I began the academic study of intelligence, as a faculty member, I got to meet many of the staffers on the House and Senate Select Committees. Mr. De Graffenreid was one.

Q You kept in touch with him?

A I saw him and others with some frequency.

Q Who do you understand made the decision to retain you as a consultant in the National Security Council, if you know?

A No, I don't know.

Q You don't know?

A No.

Q Did you talk with Judge Clark about becoming a consultant?

A Yes, I did.

Q At that time, was he the National Security Adviser?

A Well, he was the National Security Adviser. My understanding further is that the National Security Adviser makes decisions about this matter, and I assumed Judge Clark had made that decision.

. Q And your initial work as a consultant was in 1982? Is that correct?

. A It began in 1982.

. Q And continued off and on for a five-year period.

. A Correct.

. Q I take it this was not a full-time position.

. A Not by any means.

. Q How were you compensated?

. A For specific hours worked.

. Q So you would make a monthly--

. A Yes, sir.

. Q Periodic report of the hours that you had devoted to such work.

. A Exactly.

. Q You were paid on an hourly rate.

. A Daily rate.

. Q Per diem rate. If you worked two hours in one day, were you paid for the full day?

. A No, no. I assume it is sort of the way lawyers bill. If they work two hours on one day, they billed for just those two hours.

. Q When you say you were paid on a daily rate, I am not quite sure what you mean.

. Q There was a daily rate for a consultant. I signed a contract on that basis, and then it said you would be paid for working for a day, then I would submit the number of hours until it made up one day.

. Q I see. What was your daily rate?

. A I think it began at $175, it went up to $200, or--I can't remember exactly--but approximately.

. Q Mr. Godson, in the five years that you served as a consultant, did the number of hours you devoted to this work vary substantially between years, or was it reasonably steady?

. A I would have to review the period. It is five years, and I can't remember exactly.

. Q Realizing you don't have your records here, I am just trying to get some sense of the amount of time that you devoted. Let's take the years 1985 and 1986. How many hours would you estimate that you devoted in the entire year of 1985 to this work?

. MR. SILBERT: Just don't guess. If you have a reasonable estimate and can answer his question, do not guess.

. MR. FRYMAN: That is correct. I am not--I am asking for a reasonable estimate based on your recollection.

. THE WITNESS: By my standards, not very many.

. BY MR. FRYMAN:

. Q Was it under 1,000 hours?

. A I would have to work it out in days. How many hours is five days, eight into 1,000?

. Q Well, assuming--

. A 125. No, then it would be 12 months. It would be less.

. Q Would you estimate it was under 500 hours?

. A It is sort of--my best recollection would be in the estimate of a couple of days a month.

. Q So, approximately 20 to 25 days a year.

. A I am trying to be helpful here, but I think it would be approximately that, but I don't remember.

. Q Would the time in 1986 be approximately the same as 1985?

. A The summit years were particularly heavy years for me, the summit meetings were matters I worked on, and so I guess it was fall of '84-'85, I don't--I don't recall exactly when the summits were at this moment.

. Q To whom did you report at the National Security Council?

. A Well, it is a--it is not easy--there is no simple answer. First the National Security Advisers change. I felt my ultimate responsibility was to the National Security Advis~~o~~er, but I specifically went over my hours and projects and tasking with Mr. De Graffenreid and then subsequently with Walter Raymond.

. Q Now what do you recall was Mr. De Graffenreid's exact position or title?

. A He was either Director or Senior Director of Intelligence Programs.

. Q What do you recall was Mr. Raymond's exact position or title?

. A I can't remember.

. Q Was he also involved in intelligence matters while at the National Security Council?

. MR. SILBERT: That is a very broad subject. I don't know that has to do with the scope of this inquiry, Counsel, if you could narrow it.

. BY MR. FRYMAN:

. Q Do you understand the question, Mr. Godson?

. A The way Counsel phrased it, I would like to proceed.

. Q My pending question was, do you understand my question?

. A Well, the definition of intelligence matters is a subject of great academic and political controversy. I would want to be precise. I would like to define intelligence matters.

. Q You said that Mr. De Graffenreid was involved with intelligence programs.

. A That was his title.

. Q Do you know what intelligence programs are?

. A I think I do, but it is a matter of great controversy. The definition of intelligence is a matter of great controversy.

. Q What is your definition of intelligence programs?

. A I would have to take some time to write it out. I have a whole page definition which I discussed with my class, and I spend hours on this very question.

. MR. SILBERT: Frankly, I don't propose to have him do that here today.

. MR. FRYMAN: Off the record.

. [Discussion off the record.]

. MR. FRYMAN: Back on the record.

. MR. SILBERT: While we are on the record, I think it would be helpful if we got to the areas that fall within the scope of the committee's mandate.

. MR. FRYMAN: Well, that is what we are doing, Mr. Silbert.

. BY MR. FRYMAN:

. Q Mr. Godson, as an NSC consultant, you worked with Mr. De Graffenreid, you have testified, and you worked from time to time with Walt Raymond, is that correct?

. A Correct.

. Q In connection with your NSC work, did you meet

Oliver North?

. A Yes.

. Q Had you known Colonel North before you became a NSC consultant?

. A No.

. Q How did you meet Colonel North?

. A I can't remember the exact circumstances, but I met most of the staff at various points over a five-year period.

. Q Did any of your work as a NSC consultant involve Colonel North?

. A I am taking a moment to try to recall five years.

. [Pause.]

. THE WITNESS: I think the answer is no, I don't recall any work that I did with the NSC with Colonel North.

. BY MR. FRYMAN:

. Q What was the nature of your contact with him at NSC,? was it just participating in large meetings with him, or did you have a social contact with him, or was there some other sort of contact?

. A I attended staff meetings with him, large staff meetings. ~~[illegible]~~ part of my responsibilities was involved in discussing intelligence collection with members of the staff, not specifically with him necessarily. I was given possibility ies where I would come into contact with him--the staff prepared memoranda ~~[illegible]~~ about its views about what

UNCLASSIFIED

kinds of intelligence collection were needed by the United States, so I visited with many staff members to discuss that. I had little social contact with him.

. Q What did you understand during the years that you knew him as an NSC employee~~s~~, what did you understand to be his particular areas of responsibility?

. A I think it would be not appropriate in this session to discuss this.

. Q Why do you think it would not be appropriate?

. [Conferring with Counsel.]

. MR. SILBERT: Mr. Godson believes some of the areas are classified, he never discussed them with me.

. MR. FRYMAN: Are you familiar with Colonel North's public testimony before the committee, Mr. Godson?

. A Some parts of it.

. Q Did you watch any of the testimony?

. A I was on jury duty during this time, and so I was able to watch only segments of it.

. Q Did you read any newspaper accounts of the testimony?

. A Yes.

. Q Are you aware of areas of responsibility that Colonel North had at the National Security Council that were not publicly disclosed, to your knowledge, from your viewing television?

UNCLASSIFIED

A I don't know what he acknowledged or what the committee agreed was within the scope of public hearings on that subject.

Q I don't think that responsive to my question, Mr. Godson. Let me just try it again. Are you aware of areas of responsibility of Colonel North and the National Security Council that, to your knowledge, from watching television or reading newspaper reports, have not been publicly disclosed in the committee hearings?

[Conferring with Counsel.]

THE WITNESS: How could I answer that without knowing all that was disclosed?

MR. SILBERT: I still have a problem, you want him to try and recall what he either saw snippets while on jury duty over the TV, portions he may have read in newspapers, and from that determine whether or not there are other areas that he was aware of that Colonel North was involved in, is that the question?

BY MR. FRYMAN:

Q Do you understand my question, Mr. Godson?

A I am not sure I do.

Q Would the reporter read my question back?

[The question was read by the reporter.]

THE WITNESS: I don't recall what he said he was responsible for.

UNCLASSIFIED

BY MR. FRYMAN:

Q Were you aware that he had responsibilities with respect to Central America?

A I was aware that he had some responsibilities with respect to Central America.

Q So the answer to the question is yes?

MR. SILBERT: I will tell him not to answer that question. He answered the questions to the best of his ability. You asked him if he had responsibilities, he said he had some responsibilities.

MR. FRYMAN: I take it to be a yes answer.

MR. SILBERT: It is not a yes answer. The answer is words he gave, it is not yes or no. It is a yes answer, I was aware he had some responsibilities, that is a fair and responsive answer to the question.

BY MR. FRYMAN:

Q Did you have discussions with Colonel North about his responsibilities in the area of Central America.

[Conferring with Counsel.]

THE WITNESS: Would you repeat the question please?

MR. FRYMAN: Read the question.

[The question was read by the reporter.]

THE WITNESS: I had a few conversations with him about the situation in Central America. Not about his responsibilities.

UNCLASSIFIED

BY MR. FRYMAN:

Q Did any of your work as an NSC consultant involve Central America?

A Not in the specific sense, but as I explained, for example, we are concerned with global intelligence requirements.

Q But not Central America as an area in and of itself.

A Correct.

Q Is that correct?

A Correct.

Q Do you know Robert Earl?

A I don't think so.

Q Do you know Robert Owen?

A I don't think so. The reason I said, if I may say why, I don't think so, because I have heard those names in the newspapers, I don't think I know those individuals.

Q Did you know any of the individuals--let me rephrase that--did you know any of the assistants to Colonel North?

A There are 50 to 100 people wandering around in the NSC floor, over the period of years I met so many people I can't be sure who I met.

Q Let me--

A I can't state with assurance that I have never met them.

. Q Let me try this again. Did you know anyone at the NSC who you knew was an assistant to Colonel North?

. A Other than possibly just saying hello at a meeting, who I didn't know who it was, exactly what his responsibilities were, no.

. Q Did you know Fawn Hall?

. A Yes, sir.

. Q Did you understand she was Colonel North's secretary?

. A Yes, I did.

. Q Did you have any association with her in a professional capacity? And by that I am trying to distinguish merely a social contact and speaking to her in the hall, and in your work as NSC consultant, did you have any dealings with Fawn Hall?

. A No, other than when she was in a room with other secretaries, I would sometimes be in that room. Their office complexes changed over a period of time, but I had no major dealings with her other than when I was having a discussion with Colonel North.

. Q Have you read the Tower Commission report?

. A I have read and studied parts of it, yes.

. MR. FRYMAN: I ask the reporter to mark as Godson Deposition Exhibit 2 for Identification a handwritten chart which was printed in the Tower Commission report.

[The Following Document was marked as Godson Exhibit No. 2 for Identification.]

BY MR. FRYMAN:

Q Mr. Godson, I show you Godson Deposition Exhibit 2 for identification. When you looked at the Tower Commission report, did you examine that chart?

A I looked at it.

Q Did you look at the entities identified in the boxes in the chart?

A I looked at some.

Q Did you recognize the names of any of those entities?

A Well, you are asking me what I did at that time or the very first time.

Q At the time, the first time you saw the chart, did you recognize the names of any of those entities?

A I recognized very few. I was concerned about one because there was, I thought, some potential for confusion which in my view would be a totally inaccurate, false inference that I was connected with one particular box.

Q Which box was that?

A Something that appears to say Intl Youth, then I think it is y-o-u-t-h. Then I think it says Comn.

Q When you saw that, you were concerned that that might be interpreted to relate to an organization with which you had been associated?

A That is right, false inference would be drawn especially as a number of individuals had been seeking to spread some malicious stories about me prior to this.

Q What was the organization with which you had been associated?

A Well--

[Conferring with counsel.]

MR. SILBERT: You have to be more precise.

MR. FRYMAN: Mr. Silbert, I find it hard to understand your reason for objecting to that question. Mr. Godson said in his prior answer that he was concerned that this reference might be misinterpreted to apply to some entity with which he had been associated, and I am just asking him to what he was referring.

THE WITNESS: To the fact that I had been involved in youth politics and educational activities for a number of years. It wasn't any specific entity.

BY MR. FRYMAN:

Q And when you read this chart, you were concerned that the box that said Intl Youth Comm would be interpreted to apply to your general activities over the years with youth activities.

A Correct, as it was, as it was misinterpreted.

Q As a matter of fact, you had had a much closer association with an entity that had a name very similar to or that had had the phrase ''International Youth'' in it, did it not?

. A Over the years I have had associations with many organizations that have a combination of the word ''international youth''.

. Q What about in 1984 and 1985?

. A Well--

. [Conferring with Counsel.]

. MR. SILBERT: We are going to decline to answer those questions until you proffer some relevance to this particular organization. We are not going to go into Mr. Godson's activities in the youth area. We are not prepared for it. That was not one of the areas that was specified, and I am letting him answer that specific question about the chart.

. But unless it is tied down to an area within the areas we are prepared to deal with today, we will not respond today. I haven't discussed it with him, haven't prepared him for it, and besides I don't think it is relevant. I don't mind any questioning that asks whether his activities with the youth had anything to do with the Nicaragua/Iran matter in the funding for Iran, arms sales, diversion of profits to Iran, covert, to Nicaragua, or anything about this particular box got on this chart. He can answer that question, even though we are not prepared for that, ~~what~~ he will do so. He can clear it. If you ask of him how the box got there, what it is doing, he will answer the question.

MR. FRYMAN: Let's take this in steps, Mr. Silbert.

One, your statement that you are unprepared for questions about this, I think, should be placed in the context of prior discussions that you and I have had about the International Youth Commission or related names, and specifically there is a letter from you to me, dated May 12, 1987, which notes our interest in reviewing all documents relating to the International Youth Commission, the issuance of a separate subpoena for such documents, a separate subpoena was issued, investigators from the committee have reviewed various such documents at our office, you and I have had a variety of discussions about the subject of the International Youth Year and the International Youth Commission--so I find it hard to believe that this is a subject that comes as a surprise to either you or your client.

But be that as it may--

MR. SILBERT: I want to respond to that before you ask the question. I am going to respond. I will let you complete what you have to say.

MR. FRYMAN: Well, go ahead and respond, and then I will ask the question.

MR. SILBERT: Fine. I am not suggesting that we have not been aware, in fact I don't dispute any of the facts you mentioned other than the fact that I am concerned about responding to questions under oath today, the fact I have not gone over this subject with Mr. Godson, in preparation for today's testimony, which is a deposition under oath.

Having documents subpoenaed, having an investigator come to our office to review certain records, you and I having discussions about subject of International Youth is a far cry and totally different from adequately preparing a witness to testify under oath in a matter that can be of considerable importance.

That is what has not been done, and that is why I object. As I said, in addition to that, notwithstanding that, I will not object to certain questions that tie right into, for example, that chart. Does he know anything about that? Let's get on with matters that are pertinent to this witness' knowledge as it affects the committee's inquiry.

Whether it is expressed by Congressman Hamilton in his letter to his constituents, which I think accurately summarizes it, or the somewhat ambiguous language in House Resolution Number 12--

MR. FRYMAN: I ask the reporter to mark as Godson

Deposition Exhibit 3 for Identification a letter from Daniel Cohen to the Honorable Michael Armacost, on the letterhead of the International Youth Year Commission. The letter indicates a copy was sent to Roy Godson from Floyd Brown.

. [The Following Document was marked as Godson Exhibit No. 3 for Identification.]

. BY MR. FRYMAN:

. Q Mr. Godson, would you look at Deposition Exhibit 3 for Identification and tell me if you have seen that document before?

. [Pause.]

. MR. SILBERT: I am going to object to that question on two grounds. One, it is beyond the scope for which we are prepared to answer today. The matter, to my knowledge, wasn't covered in the wide ranging, informal interview of Mr. Godson where he was not under oath and where he tried to be as cooperative as possible and where he voluntarily appeared for extensive questioning.

. Secondly, number one, we are not prepared and, therefore, we will not proceed on that independent basis; number two, having read the letter, rather curiously, I can't see the remotest relationship to House Resolution Number 12, not in the slightest. It is a political matter that has nothing to do, as far as I can tell, with the mandate of this committee and is an inappropriate subject of inquiry. It is a bust of the Constitution, constitutes gross invasion of Mr. Godson's political and First Amendment rights.

MR. FRYMAN: Would you read back the pending question, please.

[The question was read by the reporter.]

BY MR. FRYMAN:

Q Would you answer the question, Mr. Godson?

[Conferring with counsel.]

THE WITNESS: Yes.

BY MR. FRYMAN:

Q And is it correct that a copy of that document was sent to you, as indicated on the second page?

MR. SILBERT: That is beyond the scope. He doesn't know whether it was sent to him or who made it. He will not answer that question for the reasons previously stated.

BY MR. FRYMAN:

Q When did you first see that document, Mr. Godson?

MR. SILBERT: Do not answer that question, please. Same basis for the objection. Same objections.

BY MR. FRYMAN:

Q Mr. Godson, you testified that you have seen that document before, and you will notice the letterhead on top of that document is ''International Youth Year Commission.'' Does that refresh your recollection as to when you saw the chart which is Deposition Exhibit 2 that you are concerned about the box that has the phrase ''Intl Youth Comm,'' was a concern about your association with some specific entity and not your association with general youth groups over the years?

MR. SILBERT: I don't know whether to permit him to answer the question, Mr. Fryman. We have indicated we will try to respond to what he knows about that box on Godson Exhibit Number 2, as reprinted in the Tower Report, but that question was so complex and convoluted I am afraid I didn't understand it, and it had words like ''associate'', which can mean almost anything and is too vague and ambiguous for a witness to be able to answer a question of that nature.

MR. FRYMAN: Off the record.

[Discussion off the record.]

RPTS CANTOR

DCMN MILTON

UNCLASSIFIED

[10:00]

MR. FRYMAN: Back on the record.

MR. SILBERT: I would like the record to reflect that for approximately five or ten minutes there has been an exchange primarily between Mr. Fryman and Mr. Godson, with some comments by myself ~~and~~ as Mr. Godson's counsel relating to the scope of the inquiry and specific questions that Mr. Fryman claimed he had, to which Mr. Godson made a number of specific responses, all dealing with respect to the general area of youth, or International Youth Commission.

BY MR. FRYMAN:

Q Mr. Godson, you were aware, were you not, that 1985 had been designated as the International Youth Year?

A Yes.

Q And in connection with the International Youth Year, there was a conference being held in Jamaica in 1985. You are aware of that, are you not?

A Right.

Q And in connection with the International Youth Year, there were various organizations that had been formed, one of which was called the International Youth Year Commission. Are you aware of that?

UNCLASSIFIED

. A Correct.

. Q And you had certain responsibilities and involvement in connection with the International Youth Year, and in particular the conference in Jamaica in 1985, had you not?

. A I had various responsibilities.

. THE WITNESS: We will step outside.

. [Witness and counsel confer.]

. MR. SILBERT: Back on the record.

. Thank you for the opportunity to consult with Mr. Godson, Mr. Fryman. One of the reasons we had to do that is that we are into areas for which I have not prepared the witness for today. He will respond to that question, as I said before, but I'm not sure it was on the record as part of our colloquy. If you ask him what if anything he knows about that box on Deposition Exhibit No. 2, if he has any information, knows anything about how it got there, he will answer that, be as cooperative with the committee on matters within its scope, and the answer will be definitely no.

. MR. FRYMAN: Mr. Silbert, one, I will ask the questions today the way I want to ask them.

. Secondly, I think maybe we should clarify one matter for the record. The fact that you may or may not have prepared your witness for certain areas today is disturbing, but nevertheless this deposition has been scheduled for at least two weeks. You have been aware without any ambiguity of a wide variety of areas of interest that this committee had in questioning Mr. Godson, including specifically the area of the International Youth Year and the conference in Jamaica. It was an area that we spent a great deal of time discussing in our interview several months ago, and the fact that you and Mr. Godson have not discussed that in the last day or so, according to your statement, so far as I'm concerned does not place any limit on the committee inquiring into this area today.

. So far as the letter that you sent to me two days ago, as I stated at the beginning today, I don't accept your characterizations in that letter. You were informed yesterday before the close of business that I didn't accept those characterizations, and it is not up to you to impose any artificial limits on the areas of inquiry of this committee.

. MR. SILBERT: I think you must stay within the mandate of the committee and I can't for the life of me, and I will listen to a proffer before I make a final decision, see what the International Youth Year has to do with the mandate of this committee. We, as my letter stated, answered and responded to every single question asked at the informal interview of Mr. Godson, even though, as I said to you in my letter, I believed then and I believe now they were far beyond the mandates of this committee, and with respect to this deposition, as I advised you well before, that I would not allow, I would certainly object to any inquiry that is not relevant to the stated purposes or legitimate purposes of this committee. As far as I know at the present time, the Jamaican conference has zero to do with certainly Chairman Hamilton's description of what this committee was investigating, and also somewhat more ambiguous language of House Resolution No. 12.

MR. FRYMAN: I take it, Mr. Silbert, that you are familiar and have looked at Godson Deposition Exhibit 2 for identification, which shows a box with the name ''International Youth Commission'' and arrows directed to an account called IC, and further arrows directed to an account called Lake, which I believe you should be aware there is testimony before this committee that Lake is a Swiss account that was used in connection with arms sales to Iran, and financing of the resistance in Nicaragua.

MR. SILBERT: You may see on your chart a copy of an arrow from International Youth Commission down to IC. I certainly don't see it.

MR. FRYMAN: Then I will let the document speak for itself.

MR. SILBERT: To clarify, if you want to ask him again if he knows of any connection between Youth Com. and

IC 8-A, ask him. He will answer the question.

MR. FRYMAN: As I say, Mr. Silbert, I'm asking the questions today, not you. That will be one of the questions I ask, but I'm not limiting my questions to your suggestions today. If we have to get to the point today of making a record of questions and your directing the witness not to answer in order to present to the Chairman of the committee, in order to obtain a direction of the witness to answer and to make any record that we need for contempt proceedings, we will do that.

As I indicated to you before the deposition, I hoped we would not have to go that route, but if that is the procedure you and Mr. Godson want to follow, we will take that route.

MR. SILBERT: No one wants to follow a procedure like that. On the other hand, I do expect committee counsel to ask questions in a reasonably professional way, to get to the heart of the inquiry, rather than beating around the bush and asking irrelevant questions that don't go to the issues before it.

With all due respect, Mr. Fryman, I don't think you are intending to do that. I certainly respect your attempt to fulfill the committee's responsibilities, but I'm here protecting the person's right to respond to germane inquiry. I'm not about to tell you what specific questions to ask.

I'm suggesting to you that we will respond to any question, even though we may have to interrupt because we were not prepared on certain areas, if they appear to be germane to the committee's inquiry. We are taking a lot of time to get to the heart of some matters, and if he is not telling you the truth, then you can prosecute him for perjury, but ask him the questions however you want to phrase it, whatever order you want, about what he knows about this chart or any relationship between those entities, and he will answer it. That is what we are here to do.

MR. McGOUGH: I just want the record to reflect on behalf of the Senate committee our position on the matter.

We have not issued a subpoena to Mr. Godson for this deposition. We are here in the hopes we can obviate the need for a separate Senate deposition. I don't find the objections particularly well-founded, and believe that these inquiries are relevant not only to the House inquiry but also to the Senate inquiry.

Again, I'm not deferring to Mr. Fryman on the conduct of the deposition, but I certainly find questions about entities that may be related to the box on the commission chart to be well within the scope of the Senate's inquiry, and if need be, would consider issuing a separate subpoena in order to get the answers that I think may be necessary. I hope we don't come to that. I hope we can jointly work out the appropriate agreement that may allow both committees to get the information that is needed.

MR. BUCK: On behalf of the House Minority, I would like to state our position. That is that Mr. Godson's past dealings with any youth organizations are only relevant insofar as they have to do with our investigations, and if Mr. Godson will state for the record what he knows about this box and any other boxes on this chart, or what he knows about Oliver North, Colonel North's activities, I think that should be sufficient.

Furthermore, although I didn't see all of Colonel North's testimony, and Colonel North testified for over 30 hours, I did not see Colonel North, did not hear Colonel North testify on this subject that he was the author of the document that has been marked as Exhibit 2.

If he wasn't asked to testify on it, I have trouble seeing why Mr. Godson is being asked these questions.

MR. FRYMAN: Off the record.

[Discussion off the record.]

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Mr. Godson, I will come back later to some further questions on the subject of the International Youth Year, but with respect to this chart, I have just a few additional questions at the moment.

. Prior to seeing this chart in the Tower Commission Report, had you ever seen it before that time?

. A No.

. Q Had you ever discussed with Colonel North your work in connection with the International Youth Year?

. A I have no recollection whatsoever to having discussed this with Col. North [redacted]

. Q Have you ever discussed the conference in Jamaica in 1985 with Colonel North?

. A I have no recollection of ever having a direct conversation with Colonel North about the conference in Jamaica or the International Youth activities at that time.

. Q You used the words ''a direct conversation.'' Are you trying to distinguish that from an indirect conversation?

. A I can't swear that I might not have been discussing with other people, he may have entered the room, it may have come up in other fora, but I did not have any direct conversations with him about this subject.

. Q Was your work on the Jamaica conference in the International Youth Year a subject you discussed in the offices of the National Security Council?

. A Yes.

. Q And it is possible Colonel North attended or overheard some of these conversations?

. A I have no recollection of him ever attending any of the meetings.

. Q Who do you recall discussing these matters with in the National Security Council offices?

. A A number of staffers that were involved in that might have had tangential relationship, such as the people in the region who dealt with the Caribbean.

. Q Would that be Mr. Bur~~k~~ghardt?

. A He was one. There were several.

. MR. FRYMAN: Would you read back the last answer, please.

. [The reporter read the record as requested.]

. BY MR. FRYMAN:

. Q Did you discuss the International Youth Year or the conference with Walt Raymond?

. A Yes.

. Q Did you discuss the International Youth Year or the conference with Mr. DeGraffenreid?

. A I'm not sure.

. Q Did you ever review with Colonel North any organization chart involving activities of his?

. A No.

. Q And when you testified that you had not seen Godson Exhibit 2 for identification prior to your review of the Tower Commission Report, by that answer do you mean that you had also not seen any chart that was a prior draft of this chart or appear to be substantially similar to this chart?

. A The answer is I had never seen this chart or a previous chart before. You said review of the Tower Commission. I think the Tower Commission the first time I saw this was the newspaper-printed chart of the Tower Commission. It was the newspaper of that day. I just wanted to clarify it.

. Q But the source was the Tower Commission Report?

. A Correct, the newspaper. I have never seen this chart or any chart nor discussed the chart ever with Colonel North.

. MR. FRYMAN: Off the record.

. [Discussion off the record.]

. MR. FRYMAN: Back on the record.

. BY MR. FRYMAN:

. Q Mr. Godson, are you employed also by the National Strategy Information Center?

. A I'm a part-time employee.

. Q What is your position?

. A I'm the director of the Washington office.

. Q And that is a part-time position?

. A That is a part-time position.

. Q How large is the Washington office?

. A Could you be more precise?

Q How many employees?

MR. SILBERT: You want to know how many square feet?

THE WITNESS: I don't know precisely. There are various arrangements with research staff, research fellows who come and do projects there. Approximately 10.

BY MR. FRYMAN:

Q Would that be approximately 10 full-time employees?

A In any particular year?

Q Yes.

A It would vary between 5 and 10.

Q Does the NSIC also have offices in New York?

A Its main office is in New York City.

Q And is it only the two offices, New York and Washington?

A Those are the only two offices. It has representatives or consultants in other cities.

Q Is the number of employees in New York larger than the number in Washington?

A I don't know the answer to that. It may change over the years. You will have to specify which year and I would have to check.

Q Say in 1986

A I just don't know.

Q Do you consider the New York office the headquarters office?

. A Yes.

. Q Your title is director of the Washington office. To whom do you report in the NSIC?

. A To the president and the vice president.

. Q Who is the president?

. A Frank Barnett.

. Q What is the governing structure of the organization, and by that I mean, is there a board of directors?

. A Yes.

. Q That Mr. Barnett reports to and ultimately you report to?

. A Yes, I think so.

. Q And is there a chairman of the board?

. A I don't know.

. Q You don't know who the chairman is?

. A No.

. Q Do you meet with the board of directors periodically?

. A Yes.

. Q What are your responsibilities as director of the Washington office, briefly?

. A To provide general guidance to the full-time staff, who also report to the president and the vice president in

New York, and to engage in research which is supported by the National Strategy Information Center, and publications, and I guess also to provide public--to be available to the public, to the press, to provide information about my specialties of the National Strategy Information Center.

. Q Would you say that the primary function of the National Strategy Information Center is an educational function?

. A Yes, I would.

. Q And that involves various research projects and publications, various materials?

. A Organizing conferences and seminars.

. Q And do the subject matters of the activities center on foreign policy matters?

. A Exclusively.

. Q When did you first become associated with the NSIC?

. A 1965 as a graduate student.

. Q That is when you were at Columbia?

. A Correct.

. Q Do you know when the NSIC was founded?

. A 1962.

. Q At the time you first became associated with the organization, do you know if William Casey had any affiliation with the organization?

. A I believe he was a director at that time.

. Q Did you know Mr. Casey at that time?

. A Are you asking did I know him when I went before?

. Q Did you know him in 1965?

. A I don't believe I did.

. Q When did you first meet Mr. Casey?

. A I can't remember exactly which year, but he stopped being the director of NSIC when he joined the Nixon administration, which was the election of 1968.

. Q Did he ever resume as a director?

. A No.

. Q Had you met Mr. Casey by 1968?

. A If I had, it would have just been to say hello. I can't say I didn't, but I don't recall ever having any major conversations with him.

. Q Is it your understanding that Mr. Casey was one of the individuals who were instrumental in founding the NSIC?

. A Could you define ''founding'' for me? I don't mean to be difficult, because he was a lawyer, and I think he provided legal services for the National Strategy Information Center. He was one of the lawyers, if not the lawyer. I just don't know enough to answer the question specifically.

. Q So your answer suggests that you really had no clear understanding about his role in the origin of the organization, is that correct?

A Correct, but I have heard it repeatedly stated that Frank Barnett and Maury Liebman, a lawyer in Chicago, were the two principals who founded NSIC.

Q Is Mr. Liebman with the firm of Sidney and Austin?

A I think so.

Q And it's your understanding that Mr. Casey had no official association with the NSIC after 1968?

A No official responsibilities, that's correct.

Q As an officer?

A Correct.

Q Or as a director?

A Correct.

Q At the time you became a consultant to the National Security Council in 1982, what was the nature of your association with Mr. Casey, if any? Had you had a professional association with him in your position as the Washington director of the NSIC, for example?

MR. SILBERT: I don't know what that means.

MR. FRYMAN: Let me withdraw the question and I will rephrase it.

BY MR. FRYMAN:

Q Did you ever have any discussions with Mr. Casey about your becoming a consultant to the National Security Council?

A No.

UNCLASSIFIED

. Q Are you aware whether or not he had any role in your becoming a consultant?

. A I'm not aware that he had any role.

. Q In 1982, the year that you became a consultant to the NSC, do you recall if you had had any dealings with Mr. Casey in that year?

. MR. SILBERT: Can you be a little more helpful on the word ''dealings''? I don't know what that means. Did he see him on the street?

. BY MR. FRYMAN:

. Q To the best of your recollection, in 1982 do you recall any conversation that you had with Mr. Casey?

. A No, I don't recall.

. Q Do you recall participating in any meetings with Mr. Casey?

. A My responsibilities pertained to intelligence matters. I was also a consultant to the President's Foreign Intelligence Advisory Board and still am. I can't say I didn't. I mean, I can't say whether I saw Mr. Casey at all in 1982. It would just be impossible.

. Q Did you have meetings with Mr. Casey after you became a consultant to the National Security Council?

. A If you mean meetings alone--is that what you mean?

. Q Yes, let's say individual meetings.

. A In connection with classified work I do--classified work unrelated to the subjects of this investigation. I had some meetings with him.

. Q You had some individual meetings?

. A Meetings, yes, a few.

. Q When was the last time you saw Mr. Casey?

. A Other than sort of passing him in the corridor, right?

. Q Yes.

. A Or seeing him in the men's or something like that. Maybe a couple of years before his death.

. Q Did you call Mr. Casey by his first name?

. A It would depend on the circumstance.

. Q But there were occasions when you were on a first-name basis with Mr. Casey?

. A Oh, yes.

. Q Did you ever participate in any meetings with Mr. Casey and Colonel North, just the three of you?

. A No.

. Q Mr. Godson, you are also a teacher, are you not?

. A Correct.

. Q Where do you teach?

. A Georgetown University.

. Q What is your title?

. A I'm an associate professor of government.

. Q How long have you been at Georgetown?

. A Since the late 1960s.

. Q Did you go to Georgetown after getting your Ph.D. from Columbia, immediately after?

. A I was at Georgetown when I got my Ph.D.

. Q You were a teaching fellow?

. A Yes, sir. No, I was just teaching.

. [Discussion off the record.]

. MR. FRYMAN: Back on the record.

. BY MR. FRYMAN:

. Q Your field, you have indicated, Mr. Godson, is government and international relations; is that correct?

. A Correct.

. Q And you have had an area of concentration for some time with respect to intelligence matters?

. A Intelligence studies.

. Q And is that a subject of courses that you teach at Georgetown?

. A Correct.

. Q And have you also published books and articles in that subject area?

. A Yes.

. Q In connection with your work teaching at the NSIC and also your work from 1982 to 1987 at the National Security Council, did you maintain more than one office or did you just have an office at the university?

. A My main office is at the university, but of course the National Strategy Information Center has offices so I have a desk there.

. Q And did you have a third office at the National Security Council?

. A No, I didn't.

. Q So in this period of time you had basically an office at Georgetown and an office at the NSIC?

. A To say that I had an office, NSIC has an office. I used their office.

. Q Did you have a private office at the NSIC?

. A The offices are used interchangeably by the people who are visiting and so on, so it depends on your definition of having an office.

. Q Do you have a secretary?

. A There is a secretary for the office, and she serves, she also takes care of my office needs.

. Q That is at the NSIC?

. A But she takes care of a number. We don't have the luxury of one secretary for one person.

. Q And do you also have a secretary at Georgetown?

. A There are secretaries in the department for all. In other words, the same arrangement, secretary servicing several different people.

. Q What sort of records do you maintain of meetings that you have and also telephone conversations? For example, at the NSIC, does the secretary maintain a record of phone conversations that you place or that are incoming calls to you, if you know?

. A I don't think she maintains a record of calls. I'm sure she doesn't. Sometimes I place my own calls. Sometimes she places calls. Sometimes other secretaries. There isn't one secretary that would be doing that.

. Q Do you maintain yourself a record of your phone calls?

. A No.

. Q Do you maintain a record of your meetings?

. A Not a precise--I mean for a while. I have a diary for the year which has some of my meetings. There is no single source for all of my meetings. I don't maintain such.

. Q What sort of calendar do you maintain?

. A I carry a small notebook, an annual thing which I generally junk.

. Q And you note your appointments?

. A Some of them, not all.

. Q You have a desk calendar as well?

. A No.

. Q What was the other calendar you were referring to, or I understood you were referring to a second calendar?

. A I didn't refer to a second calendar.

. Q So the only calendar you maintain is the pocket calendar that you carry with you?

. A Correct.

. Q Do you keep those calendars after the end of the year?

. A I generally throw them away. I keep them for a while for tax purposes and that sort of thing and get rid of them.

. Q Do you have the calendar for 1986?

. A No.

. Q 1985?

. A You asked me 1986. No, generally those calendars I have junked.

. Q Just so the record is clear, Mr. Godson, the 1986 calendar that you maintained that reflected your appointments, you have destroyed that calendar?

. A Right.

. Q When did you destroy that?

. A It was some months ago.

. Q And do you still have the pocket calendar for 1985?

. A No. I generally use them for the first few months of the year to sort of recollect for tax purposes or expense purposes, if I took a trip where I went that particular day, and then I generally have no reason to keep that kind of thing.

. Q Do you have any record at this time of your appointments in 1985 and 1986?

. A For me personally?

. Q Or are you aware of any record?

. A I don't have it. There would be vague diary--I mean, of projects in the office that might contain some appointments. Usually it would be inaccurate because nobody knows all of my appointments. As I say, I'm wandering between offices.

. Q These are diaries maintained at the NSIC?

. A Correct.

. Q Who maintains the diaries you are referring to?

. A The secretary in the office there.

. Q What is the name of the secretary?

. A Jill Fall.

. Q And did she maintain those diaries during 1985 and 1986?

. A Yes.

. Q And so far as you are aware, those are the only records that are in existence today of any meetings that you had in 1985 and 1986?

. A Yes, that's right.

. Q Are you aware of any records that are in existence today of any phone calls that you made in 1985 and 1986?

A No.

Q Do you know Elliott Abrams?

A Yes.

Q When did you first meet Mr. Abrams?

A Oh, boy. I think when he was an aide to Senator Jackson of Washington.

Q Did you have any contact with Mr. Abrams in connection with your work as a consultant to the National Security Council?

A I don't think so.

Q Did you ever participate in any meeting with Mr. Abrams and Colonel North?

A No.

Q Did Colonel North ever ask you to become involved in any fund-raising activities?

A He asked if I could assist in raising funds [redacted]

Q When did he ask you to do that?

A I can't recall the exact month. I can barely remember the year.

Q What was the year?

A I think it's 1985.

Q How did the subject come up?

A As I recall, I was working one day in the intelligence directorate, the Office of the Intelligence

Directorate of the NSC, and he and an NSC staffer who also worked in that directorate asked me if I would be able to give assistance.

. Q Who was the other person?

. A Vincent Cannistraro.

. Q What was his position at the NSC?

. A He was I think also a director of intelligence programs. I think by that time DeGraffenreid was the senior director and he was a director.

. Q And you worked with Mr. Cannistraro in your consulting activities?

. A Yes.

. Q At the time Mr. North made this request, where did the meeting take place?

. A As I stated, I can't recall whether it was in his office, North's office, but my recollection is it was in Mr. Cannistraro's office.

. Q Were you called into the office with the two of them being there?

. A I can't remember exactly, but my recollection is I was working actually in the complex of offices of the Intelligence Directorate and Cannistraro and North asked to talk with me.

. Q They asked you to come into some office and meet with them?

. A Yes, a bunch of offices there. I might have been sitting there working on something. I just don't recall the specific time.

. Q Do you recall if it was Cannistraro who asked you to meet with them or North?

. A I can't.

. Q One of the two, and there was a meeting with just the three of you?

. A North clearly was asking me to do this. It was clearly North was asking. I can't recall the specifics of who asked who to sit in what room.

. Q What did you understand was the reason for Cannistraro being present?

. A I didn't have any. I don't know.

. Q But most of the talking was by North?

. A Yes.

. Q What did he say as best you recall?

. A He said that--I was generally familiar with [redacted] anyway. He just said, ''You are familiar with [redacted]'' and would I be able to be of some assistance, and that for various reasons the government was unable to be of assistance.

. Q Did he indicate why he was asking you to?

. A No.

. Q Do you have any information that indicates why he was asking you?

. A No.

RPTS THOMAS

DCMN GLASSNAP

[11:30 a.m.]

BY MR. FRYMAN:

. Q Did you ask any questions?

. A I guess I would have asked how much money he was talking about. I know for what period of time. The normal questions one would ask, if somebody was asked to assist somebody. That is about all.

. Q How much money did he say was involved?

. A I can't recall precisely, but I think it was in the range of $20,000 a month.

. Q For what period of time?

. A He didn't specify. He said he couldn't, there was no way of specifying.

. Q Did he indicate what the money was going to be used for?

. A Not really, no, [redacted] so I didn't find it a remarkable thing.

. Q Did you tell him in this first meeting that you would help?

. A No, I didn't.

. Q What did you say?

. A I would say I would have to think about it and see whether I could, I would be able to be of assistance. I am not wealthy myself, so I would have to see whether I would find some people who would be willing to contribute to whatever, what I thought was a worthy cause.

. Q Did you talk with anyone else about whether you should get involved in this?

. A No, I don't think I did.

. Q How long did it take you to decide whether or not you should get involved?

. A Well, there were two issues: one, whether I should, and in terms of whether I ought to, and a second one, whether I could practically be of any assistance. I thought it was helping [redacted] a worthy cause, so I decided quickly in principle that this was a good idea. The ''could'' part took me some time to talk to people.

. Q [redacted]

. A [redacted] Is that relevant? Is that a relevant question?

. MR. SILBERT: I would like to know what the relevance of that is, as a matter of fact. What does [redacted] have to do with this proceeding?

. MR. MC GOUGH: It is my question. If the objection had been made before the question was answered, I would have been happy to explain it. I will explain it now. Mr. Godson indicated it was a worthy cause that he wanted to help, and the committee is entitled to know whether, in fact, [redacted] for which he is raising money. It seems fairly straightforward, I didn't pursue it, what [redacted] but only [redacted] for which you are raising money?

MR. SILBERT: All right. I think you ought to apologize for the question.

MR. MC GOUGH: I don't think the question was inappropriate. The next question could have been and was not asked, when a person raises money [redacted] I don't think it is any inquiry into [redacted] and I would not think any apologies are necessary.

BY MR. FRYMAN:

Q Mr. Godson, you divided your decision into two aspects?

A Well, in technically--

Q How long did it take you to reach a decision with respect to both aspects? Are we talking about a period of less than a week?

A No, longer, it took longer.

. Q Several weeks?

. A Yes.

. Q Did you consult with anyone else in making this decision, or did--the two aspects of this decision--

. A No, I immediately, after I decided to do this, I set out, not that very minute, I set out to ask someone who I thought would be sympathetic, might be sympathetic to supporting [redacted]

. Q You mean to assist you in fundraising.

. A That is correct.

. Q Before we get to that, I am focusing at the moment on you personally making the decision whether or not to get involved. Is that a decision you made by yourself, or did you consult with anyone else in making that decision?

. A I don't recall discussions with anyone else. I regarded it as a sensitive matter, and I did not wish to indicate to other people that I was involved in assisting [redacted]

. Q The proceeds of the decision as to whether or not you should be involved at all took more than a week is your recollection?

. A Not whether I should be involved, not the formative question, but whether I could empirically do anything.

. Q Let me phrase it and ask it another way.

. When and what was the next discussion you had with

Colonel North in response to his original request?

. A After I had ascertained that it might be possible that I found someone who might be willing to help who had the potential to talk to people, who would support [redacted] I called him or saw him when I was at NSC, or some other time I brought it to his attention orally.

. Q So that the ''could'' part of the decision-making process, in your mind, involved finding out whether there was someone else who could assist you in the fundraising?

. A Correct.

. Q And did you only discuss that aspect with one other person?

. A Before I went back to North?

. Q Before you went back to North.

. A Yes.

. Q Who was that person?

. A Terry Slease.

. Q How had you known Mr. Slease?

. A Mr. Slease had been a lawyer for Richard ScAIFE, and Richard Scaife had been a donor to the National Strategy Information Center. I had also gotten to know Mr. Slease as a personal friend; and in his capacity as a personal friend, I went to him.

. Q You described to him what Colonel North had said to you?

UNCLASSIFIED

. A A version of it to see if he was at all interested.

. Q He indicated he was?

. A Yes.

. Q And at that point, you went back to Colonal North?

. A That is correct.

. Q You mentioned [redacted] in one of your answers. Had Colonel North referred to [redacted] in your original discussion with him?

. A I can't remember whether he did. [redacted] and so I don't know whether he referred to [redacted] or I was aware of the role [redacted]

. Q Was it your understanding that you were to raise funds that were to be placed at the disposal of [redacted]

. A No, no, of [redacted] But he is talking about [redacted]

. Q Had Colonel North indicated any particular part of [redacted] that was to receive this money?

. A No.

. Q He had indicated it was to be for food and similar purposes?

. A Welfare activities, yes.

[redacted]

. Q How long after your initial conversation with Colonel North was your call to Mr. Slease?

. A I can't remember.

. Q More than a week?

. A Obviously it wasn't months, but I don't remember.

. Q Was this a face-to-face conversation with Mr. Slease?

. A I am almost certain it would have been, yes.

. Q Was this in Pittsburgh?

. A No, I suspect it was in Washington. I rarely travel to Pittsburgh, and so I think I have been in Pittsburgh only once in five years.

. Q In any case, you believe it was a face-to-face conversation with Mr. Slease?

. A Yes.

. Q Just the two of you?

. A Yes.

. Q He indicated he would help or would try to help?

. A He was interested in principle, but he wished to hear it from--this was something that was important for the national interest.

. Q Did you indicate a desire to obtain funds from Mr.

~~Scaye~~ Scaife or one of his foundations?

. A No. Now are you asking me did I at that very moment?

. Q Yes.

. A No, as a matter of fact, I recall specifically discussing we were not going to ask Mr. ~~Scaye~~ Scaife or any of the foundations for the funds.

. Q This was in the first conversation?

. A I can't recall whether it was in the first or subsequent conversation, but I suspect it was in the first.

. Q What was the reason for that?

. A Well, Mr. ~~Scaye~~ Scaife had been very generous in supporting a number of organizations, particularly the National Strategy Information Center, and we thought that we should ask other people for contributions.

. Q In the initial discussion with Mr. Slease, was there any comment about who else might be solicited?

. A No, not to my recollection.

. Q After your conversation with Mr. Slease, then you go back to Colonel North, and you report back you have found someone who may help in the fund raising.

. A Correct.

. Q Did you also report back to Mr. Cannistraro?

. A I can't recall. No, I don't think so.

. Q To the best of your recollection, it was, the second conversation was just you and Colonel North?

. A Yes.

. Q And--

. A Mr. Cannistraro wasn't there. You were asking whether I ever told him I had subsequently found somebody that might be interested. I can't remember that, but I know that second conversation, my best recollection, it was with North alone.

. Q Did you tell him that Mr. Slease wanted to meet with Colonel North?

. A Mr. Slease asked to meet not only with Colonel North but he didn't know who Colonel North was in--don't think he had ever heard the name, he wanted to have it from a more senior person in the National Security Council, and so I suggested if Colonel North wanted to proceed, he had to ask for a meeting with Mr. McFarlane for Mr. Slease to hear from Mr. McFarlane this was an important thing to do.

. Q At that time, what was Mr. McFarlane's position?

. A He was the Assistant to the President for National Security.

. Q This is Robert McFarlane we are talking about?

. A Yes.

. Q Had you worked directly with Mr. McFarlane in your role as a consultant to the NSC?

. A Worked directly? Could you be more precise?

. Q In your work as a consultant, did you have individual meetings with Mr. McFarlane?

. A Rarely.

. Q Did you prepare memoranda for Mr. McFarlane?

. A Yes, either directly or through Mr. De Graffenreid's office or some other member of the staff.

. Q Had you known Mr. McFarlane before you became a consultant to the NSC?

. A I don't think so.

. Q Had Mr. McFarlane had any association with the NSIC that you are aware of?

. A I think he knew Mr. Barnett. He worked for Senator Tower, I think, as a staffer on the Armed Services Committee, I think he may have known Mr. Barnett. I don't think I knew him at that time.

. Q Do you know if Mr. McFarlane at that time had any association with Georgetown?

. A Not to my knowledge.

. Q You were not aware of such an association?

. A Right.

. Q So your only association with Mr. McFarlane had been through your work at NSC.

. A He had been an assistant to William Clark, and so I got to know him in that capacity.

. Q You suggested to Colonel North that Mr. Slease might be able to help, but there would have to be a meeting with Mr. McFarlane or someone of his stature.

A Right.

DCMN GLASSNAP

. Q What was Colonel North's response?

. A He said he would try to arrange such a meeting and subsequently did.

. Q He got back to you and said McFarlane is available?

. A Tried to figure out even dates when Mr. Slease was in Washington, yes.

. Q And did you set up such a meeting?

. A There was such a meeting. A combination of all of us setting it up.

. Q Did you make the call to Mr. Slease?

. A Yes.

. Q The call to Mr. McFarlane?

. A No, I didn't make the call to McFarlane.

. Q The call to Colonel North?

. A Yes, sir.

. Q And you sort of worked out the various schedules?

. A Yes.

. Q So everyone could get together for a meeting?

. A Exactly.

. Q Did you attend that meeting?

. A I did.

. Q Who else attended?

. A North, McFarlane, Slease and myself.

. Q And was that held in the National Security Council?

. A In the Situation Room.

. Q In the Situation Room?

. A Yes, sir.

. Q Do you recall the date of this meeting?

. A No.

. Q How long did it last?

. A Not very long.

. Q Under 15 minutes?

. A Around that time.

. Q What do you recall was said in that meeting?

. A The necessity for supporting [redacted] [redacted]

. Q Who said what?

. A Mr. McFarlane said that. Mr. McFarlane did most of the talking.

. Q And how did he explain the necessity of supporting [redacted]

. A I am not even sure I was paying that much attention to that. It was a meeting that was designed for Mr. Slease to hear this, and I don't--but talk about [redacted] and he explained that, within the bounds now of our unclassified discussion, that it was funds for [redacted]

[redacted]

Mr. Slease asked if he was, if he were in fact able to find somebody who could do this, how would this be done? And he was told that Colonel North knew how it could be done, he would instruct me as to how the money could physically be transferred if such money were to become available.

Q Was there any discussion at this meeting of the mechanics of transferring the money?

A No, there was not.

Q It was left that Colonel North could provide that information--

A Yes, sir.

Q --later on?

A That is right.

Q What else was said at that meeting?

A That is all I recall.

Q What did Colonel North say?

A I can't recall him saying very much.

Q It was basically a presentation by Mr. McFarlane?

A Yes, as I recall. He may have interjected pieces of--as I said, I didn't--I wasn't there to be briefed, so I wasn't paying that much attention.

Q I take it there weren't any slides shown at this meeting?

. A No, there were no slides.

. Q What did Mr. Slease say?

. A As I said, he listened, he asked some questions, but then it was left he would think about whether he could in fact do this, and he would get back to me, and then if there was in fact somebody who was available to contribute, then I would get in touch with Colonel North.

. Q And what is the next discussion you recall with Mr. Slease after this meeting about this matter?

. A We parted company, and we agreed he would be back in touch with me if he was able to be of assistance.

. Q Did he get back in touch with you?

. A Yes, sir, and he said he had thought he had one or two potential donors, and how would one physically do this?

. Q Did he identify the donors?

. A I can't remember. It wasn't important to me in that sense, because we agreed it wasn't going to be Mr. Slease, and I knew he had many contacts in his personal life with people who were wealthy and believed in worthy causes.

. Q Did he identify the amount?

. A No, it wasn't, he knew we were talking here about above $20,000. He knew it was about $20,000 a year we needed, obviously to me I didn't have to ask him.

. MR. SILBERT: You mean $20,000 a year?

UNCLASSIFIED

. THE WITNESS: A month.

. BY MR. FRYMAN:

. Q Had that $20,000 a month amount been discussed again in the meeting with Mr. McFarlane?

. A I don't recall it necessarily coming up there, but I had informed him it was around that range; we weren't talking about $100 and not $1 million.

. Q He got back to you and indicated he might have a contributor or contributors, but as far as you recall, he didn't identify the contributors?

. A Correct.

. Q And he asked you for information about the mechanics of transferring the money?

. A Yes.

. Q What did you do then?

. A I went back to North and asked him how one would do it.

. Q What did North say?

. A He told me that there was a man who was able to do this, he was discreet and reliable, and I should call him, that he, North, would tell him to expect a call from me, a man who I didn't know before. So he would say I was going to call, and I did.

. Q What was the man's name?

. A Richard Miller.

. Q He gave you a phone number of Mr. Miller?

. A Exactly.

. Q So you called Mr. Miller either the same day or shortly, or a day or so later?

. A Yes.

. Q And said, in substance, Colonel North asked me to call?

. A Correct.

. Q I am calling about--

. A Wouldn't have said, would not have said over the telephone what the subject was, but I said had he heard that I was going to call you, and, yes, he agreed to get together.

. Q And where did you meet with Mr. Miller?

. A My recollection is that we met--to find a suitable time, my recollection is we met in his office of National Strategy Center and had a sandwich, that is my recollection.

. Q This was the first time you had ever seen Richard Miller?

. A Correct.

. Q What did he tell you at this first meeting?

. A Well, we discussed the only purpose of, the main purpose of the meeting was to discuss the specifics of how one would transfer the funds.

. Q Did you discuss the need of [redacted]

[redacted] for these funds?

A No. I don't recall, it would have been unnecessary.

Q Was the discussion limited to the mechanics of the transfer?

A Yes, on that subject. We might have then later--we did later discuss other matters, Mr. Miller. I was interested in what he did for a living. He told me he had some contacts with Nicaraguan defectors, and I, as an academic, spent a lot of time with defectors as a way of understanding intelligence matters. There was a Nicaraguan intelligence officer who had defected who apparently he had access to, so we discussed my desire to meet him.

Q Did he tell you that he had been involved in fund-raising campaigns?

A No, he didn't, that wasn't my interest. I don't focus on American politics, it wasn't my interest.

Q It wasn't discussed?

A Not to my recollection.

Q Did he mention Carl Channell?

A He did indicate to me that he had been involved in the Republican Campaign, he told me that, he went through some of his background. But we didn't discuss the specifics of the domestic political arena. He mentioned that there was a Mr. Channell who would be a possible avenue for funneling the money [redacted]. He mentioned that.

Q Did he volunteer that?

A I can't remember. I said I preferred to deal--he was right there. I knew him--he gave me the two options of, talked about the--talked about the Institute for North/South Affairs, which seemed like a very responsible organization.

Q Is that the Institute for North/South Issues?

A Could be, North/South/North.

Q Had you known of that organization before?

A I had only--I had some recollection that it had received money from the National Endowment for Democracy, that it was run by himself, he said, and former Deputy Assistant Secretary of State, Frank Gomez, and it was involved in various educational activities in the region; therefore was a tax-exempt organization and a number of Congressmen and Senators sit on the board of the National Endowment for Democracy. I assumed it was a responsible ~~reasonable~~ organization, it was responsible and could handle such a thing.

He also indicated for someone who didn't want to do it, tax contributions to a tax-exempt organization, there was a bank account that he maintained, I think, in the Cayman Islands and that he could give that number to anybody who wanted to make a contribution to that who did not want to, did not regard it a tax-deductible activity.

. Q At the time of this conversation, you had been aware of the Institute for North/South Issues.

. A I can't remember, there are many organizations in Washington, and I can't recall whether I was aware of it. I certainly didn't know very much about it.

. Q Had you known Frank Gomez?

. A No.

. Q Had you known of him?

. A I mean, the name wasn't unfamiliar to me, but I wouldn't have, didn't know him in any specific way.

. Q As I understand your answer, Mr. Godson, in this initial conversation with Mr. Miller, he discussed at least three alternative ways for transferring the funds: One would be a contribution to an organization controlled by Mr. Channell.

. A Yes.

. Q Two would be a contribution for the Institute for North/South Issues; and as I understand from your answer, both of those would be a tax-deductible contribution.

. A I can't remember if the Channell--discussion about Channell was, he was right there, he had the vehicles, why did we have to bring in someone else? I was trying to limit the numbers of people?

. Q Well, go back to my summary, the third alternative was a direct transfer to the Cayman Island account--

. A Yes, sir.

. Q --that Mr. Miller controlled.

. A Yes, sir.

. Q Were there any alternative ways of transferring the funds discussed other than those three: The Channel organization, the Institute for North/South Issues, and the direct deposit to the Cayman Island account?

. A I can't recall any others.

. Q Was there any discussion of the Heritage Foundation in this initial discussion--

. A No.

. Q --with Mr. Miller?

. A No.

. Q After this discussion with Mr. Miller, did you then report back to Mr. Slease?

. A Then, ~~my~~ I reported back. I then informed him that I found a vehicle, a way of doing this.

. Q Did you explain the three alternatives to Mr. Slease?

. A No.

. Q Which did you explain to him?

. A Only told him we had the tax-exempt ~~I~~nstitute, and there was a non-tax-exempt way of doing it too. I didn't give him, didn't discuss the other thing~~s~~.

. Q Was there a specific contributor and a specific amount that were being discussed by you and Mr. Slease at this point?

. A Collapsing a lot of months together here, so I don't quite know at what point he told me that he had a specific contributor. I can't recall exactly which conversation lead to which.

. At one point, it became specific, and he said he had a specific contributor who wanted to make a contribution, he wanted to make it to an institution that he knew by name, and that led to the discussion of the Heritage Foundation.

. Q Was that contributor ever identified to you?

. A I don't recall at the time that he was. Subsequently he was.

. Q Did Mr. Slease develop contributions from two separate contributors?

. A Presumably, he was involved with several. I don't know. I don't know exactly how he went about making these solicitations, I was never involved.

. Q Do you recognize the name Herbert Barness?

. A No.

. Q Are you aware that Mr. Barness made a contribution?

. A I don't recall the name. I don't recall the name.

. Q Are you aware of any contributions that Mr. Slease solicited that were deposited directly to the Cayman Island account?

. A No, I gave him the Cayman's account number, Mr. Miller gave me the number, I gave it to Mr. Slease, and I don't know what happened after that.

. Q You gave him the name of the account?

. A I think it is a number. I don't recall. I think it was a number. I was completely unfamiliar with how to deal with these accounts, and so I just gave him whatever information Miller gave me, the initial or the number, whatever it was. I gave it to Mr. Slease.

. Q And did you instruct Mr. Slease that he was to send any contribution payable to such an account directly to Mr. Miller, or did you instruct him to send it to you or something else?

. A I didn't instruct him to send it to me. I don't remember how--I don't remember how that part of the mechanics worked.

. Q Did you give Mr. Slease Mr. Miller's name or telephone number or address?

. A No, I didn't give him that information. I don't recall ever giving him that.

. Q But you believe you gave him either the name of the Cayman's account or the number?

. A I know I did that, partially because I know I went to another phone in case--there was no reason at this--so I told him I would call him at another time and give him a number and name and the number, that is it, of the account unrelated to that phone conversation.

. Q You gave him the name of the Institute for North/South Issues?

. A And I gave him the name of the Institute for North/South Issues.

. Q It is your recollection you did not mention Mr. Channell or any of his organization?

. A Correct.

. Q The reason you did not was what?

. A Well, there was no need. In other words, in my own mind, it was their Institute. North/South seemed like a responsible operation to me, and there was another account which I thought relatively few people would be interested in using, the Cayman Island account, but I gave him what was necessary rather than expand on it.

. Q Had you known of Mr. Channell at the time of this discussion?

. A Vaguely, but--vaguely.

. Q You never met him?

. A Not to my knowledge.

. Q It is your recollection that Mr. Slease did not transmit to you any funds to be given to Mr. Miller?

. A That he physically gave me?

Q He didn't send you a check?

A Correct.

Q Or anything to transfer to Mr. Miller?

A That is correct.

Q You indicated that you received another call from Mr. Slease where he indicated that he had a contributor who wanted to give money to a more-established foundation, is that your recollection?

A Foundation that he was familiar with, yes.

Q Did he identify a particular foundation?

A I think he said Heritage, but I can't recall the specifics, whether it was Slease suggested it to the contributor or the contributor to Slease, but I don't recall.

Q But in this conversation that you recall with Mr. Slease, there was a mention of a Heritage Foundation.

A Yes.

Q And am I correct in understanding that you are not the one who suggested the Heritage Foundation?

A I think that is correct. I think it was Mr. Slease, but I don't recall.

Q So it may have been you.

A It could have been.

Q What had been your association with the Heritage Foundation, if any?

. A Association? A quick definition, please. I am not a member of it, I don't get money from it, I don't work for it, I am not associated with it in any formal way. Have I attended a seminar, yes, yes, I have known Mr. Feulner for many years, yes.

. Q By Mr. Feulner, you are referring to Ed Feulner in his title as President?

. A I am not sure either.

. Q He, in effect, is the person who runs the Heritage Foundation on a day-to-day basis?

. A That is my understanding.

. Q You have known him for a number of years?

. A Correct.

. Q Had you ever received any grants from the Heritage Foundation?

. A personally?

. Q Yes.

. A No.

. Q Let's start personally.

. A Personally, no.

. Q Had NSIC?

. A Not to my knowledge.

. Q Had any other foundation with which you are associated?

. A I don't know.

UNCLASSIFIED

. Q Had you previously been involved in participating in any way with solicitation of donations for the Heritage Foundation?

. A No.

. Q What was the discussion with Mr. Slease about using the Heritage Foundation for this contribution that he had in mind?

. A Wasn't much. It was that Heritage, that donor would be, was potentially interested in giving the money to the Heritage Foundation and that the Heritage Foundation, in turn, could then give it to the Institute for North/South Issues, that was all.

. Q Was it left that you would contact Mr. Feulner about this?

. A No, that he first would contact Mr. Feulner.

. Q Mr. Slease would?

. A Yes, sir, and then I would follow up.

. Q Did you know whether or not Mr. Slease knew Mr. Feulner?

. A I assumed he did. It never entered into my mind that he didn't.

. Q Now, you say you were to follow up. What did you understand that to mean?

. A I was to call Mr. Feulner to discuss the specifics.

. Q Were you to explain to Mr. Feulner about the

UNCLASSIFIED

conversations with Mr. McFarlane and Colonel North?

. A Not those specifically, but the principle that the Government of the United States thought this was a good idea, because we were, they were acting consistent with what the Government of the United States would want to have happen.

. Q Did you have a subsequent conversation with Mr. Feulner?

. A Yes.

. Q What did you tell him in that conversation?

. A Just what I said that it was, Mr. Slease had already talked to him, so Mr. Feulner was about to leave for a long time, he didn't have much time, it was the end of the day, it was very short, relatively a very short meeting, he knew who the recipients, intended recipients of the fund were, he knew that it would be transferred to another, the idea was to transfer to another foundation, and he just asked me to give him the name of the foundation, to either give it to him, the address right to him, or to speak to Mr. Trulock, who was I think whatever the person who deals with these--Executive Vice President, or something else, there was another, Mr. Trulock was the person who was to handle the contact with the Institute.

. Q Mr. Trulock is with the Heritage Foundation?

. A Yes, he is either Executive Vice President, some

UNCLASSIFIED

officer of the Heritage Foundation.

. Q When you say you explained the purpose of the contributions, do you mean that you explained that these funds were to be transferred [redacted] [redacted]

. A Absolutely.

. Q And that transfer was to be done through an indirect route? By that, I mean it was to be a transfer from the Heritage Foundation to the Institute for North/South Issues, and then the Institute would arrange for the transfer [redacted]

. A Correct.

. Q You explained all this to Mr. Feulner?

. A Correct. And further that this was a confidential transaction, that knowledge about this was to be limited.

. Q And did you explain that this had been discussed at high levels within the National Security Council?

. A I don't recall any discussion like that, just the other, because I assumed Mr. Slease had already prepared Mr. Feulner for this.

. Q What did Mr. Feulner indicate that he had learned from Mr. Slease?

. A I don't know.

. Q You don't recall?

. A I don't recall.

. Q Do you recall mentioning Mr. McFarlane's name or Colonel North's name in the conversation?

. A I don't.

. Q Now is it your understanding that a contribution was made to the Heritage Foundation that was then transferred to the Institute for North/South Issues?

. A Yes.

. Q How did you learn that?

. A I don't remember the precise circumstances how I learned it, but at some point I gave Trulock the name of Miller, I spoke to Miller and suggested that he write, request a grant from the Heritage Foundation, and so it just happened, I assumed it happened, at that point. I was not a party to Miller's drafting of a request, I just suggested he would write a request to the Foundation to ask for it.

. Q Do you know if this request discussed [redacted]

. A No, I don't know what was in it, the terms of the request.

. Q Did you ever see the request?

. A I certainly didn't at that time, can't remember whether I subsequently have seen something. I think that the committee released to the press, or as an exhibit, something about the exchange of correspondence, yes. I am pretty sure this committee released to the newspapers when

Congressman Fascell asked questions about this subject. That same day I got a call from--I was on jury duty, there were calls from the press, and I think I saw a copy of an exchange of correspondence between Miller and Heritage, which I had not seen before.

. Q You had not been aware of that before?

. A I had been aware there must have been some kind of exchange.

. Q You hadn't been aware of the substance of the exchange?

. A That is right.

. Q Were you aware of the identity of the donor to the Heritage Foundation?

. A I subsequently became aware of it.

. Q At what time?

. A Sometime after, I can't say exactly when. Sometime after.

. Q Did you learn that from Mr. Slease?

. A Yes, sir.

. Q Who did he tell you was the donor?

. A I think the name is Mr. Donahue.

. Q Did he tell you the amount of the donation?

. A I can't remember. He said it was a substantial contribution.

. Q Did you discuss with Colonel North your arrangements with respect to the involvement of the Heritage Foundation?

. A I don't recall. No, I don't think I did. I don't recall discussing the details of this any more about, of those kinds of details.

. Q Did you report to Colonel North that Mr. Slease had arranged a substantial contribution?

. A Mr. Slease asked if Mr. Donahue had made a contribution, could he receive a letter just indicating that the Government of the United States was aware that he had supported something, this was not a free-lance operation or fund/raising, after all, he wouldn't receive detailed accounting of exactly how, he couldn't publicly discuss this and check it out through the normal procedures. So he asked for some indication that he was acting supportive of national interest.

. Q And what did you do in response to that request?

. A I can't remember whether Slease suggested it or I suggested it, but we thought the best thing was to get a note from the President of the United States thanking him for his general support.

. Q Did you get such a note?

. A I did ask North if such a note could be obtained, I didn't know whether it could be obtained, I asked him if he could do it, and I understand he did do it.

UNCLASSIFIED

. Q Did you ever see the note?

. A I can't--I may have, I can't remember. I think I did, but I am not sure.

. Q But in connection with this note, you do not recall any discussion with Colonel North about Heritage Foundation--

. A No.

. Q --being the vehicle for this transfer?

. A No, I don't. It was unnecessary to discuss it with him.

. Q Are you aware of any other contributions that Mr. Slease arranged?

. A Well, Mr. Slease asked me to meet John, Mr. John Hirtle, and I asked for him to be introduced to North, so that North could explain the purpose of the activity, and I did introduce, arrange to meet Mr. Hirtle, who I had not met before, and I introduced him to North.

. Q Did Mr. Hirtle come to Washington to your office, or did you meet him at the White House?

. A I think I met him at the White House.

. Q Then you attended a meeting?

. A Another brief meeting with North.

. Q Were the matters discussed similar to the subject matter of the meeting that Mr. North or that Colonel North and Mr. McFarlane had had with Mr. Slease?

. A Wasn't very different, but, again, I wasn't paying

UNCLASSIFIED

that much attention. I may have been on the phone myself, I may have been writing something, it wasn't necessary for me to hear the same material briefing, so I don't think I was paying a great deal of attention.

. Q The subject matter was the need of [redacted]

. A Absolutely.

. Q --[redacted] for funds.

. A Right.

. Q Mr. McFarlane did not participate in this meeting?

. A Correct.

. Q It was just Colonel North and you and Mr. Kirtle?

. A Correct.

RPTS CANTOR

DCMN MILTON

UNCLASSIFIED

[12:15]

. Q Do you know if Mr. Hirtle undertook any efforts to raise funds after this meeting with Colonel North?

. A No, I think he did.

. Q How do you know that?

. A I think he told me, Slease told me.

. Q Do you know if he raised any funds?

. A I think he did. One day a check arrived at my office at the National Strategy Information Center made out, I think, to the Institute for North-South Issues, from a person whom I didn't know.

. Q Do you recall the amount of the check?

. A No, I don't. I then called Mr. Miller and asked him to come and pick up the check.

. Q And I take it he did so?

. A Yes.

. Q And is that the only contribution that you believe was generated by Mr. Hirtle's efforts?

. A I generally have a feeling that there were some others, but I don't know. I didn't know anything about it.

. Q Do you recall if the contribution was from an individual named Macaleer?

UNCLASSIFIED

. A I'm sorry, I just don't remember.

. Q Had you told Mr. Hirtle to have any contributions directed to the Institute for North-South Issues?

. A Yes, I had told him about both methods. There was an account, and there was the Institute.

. Q Had you told him that at the time of his meeting with Colonel North?

. A No.

. Q When did you tell him that?

. A At some subsequent time that he indicated he could in fact do something. I can't recall--I can't say I didn't, certainly not in the presence of Colonel North. We would have had the meeting with him and then we went outside. Whether I did it at that particular juncture or at a subsequent time, I don't recall.

. Q Did Colonel North ask Mr. Hirtle to raise funds for [redacted] in your presence?

. A I don't know the formulation. I can't recall the formulation. There was a discussion of the need to support [redacted] and as I mentioned earlier, I don't know that I was paying that much attention. I was probably doing, as I frequently do at meetings, I would be on the phone and sometimes writing things myself, so I don't recall the formulation.

. Q Going back to the meeting with Mr. McFarlane and

Colonel North with Mr. Slease, do you recall either Mr. McFarlane or Colonel North asking Mr. Slease to raise funds for [redacted]?

A I don't remember it stated that way. I recall a necessity, discussing the purpose, why that it was important.

Q Going back to your original conversation with Colonel North, am I correct in understanding that Colonel North did ask you to assist in raising funds for [redacted] [redacted]

A Yes.

Q Did Mr. McFarlane also ask you to do that?

A No.

Q And the only specific contribution that you are aware of that Mr. Miller or that you believe Mr. Miller solicited was this one check that arrived at your office payable to the Institute for North-South Issues?

MR. SILBERT: Can I hear that question again, please?

[The reporter read the record as requested.]

MR. SILBERT: There are two different tests there. One is aware and one is believe. I don't know if you intended it to be synonymous.

BY MR. FRYMAN:

Q Let me rephrase the question. Do you have any information indicating that Mr. Kirtle was responsible for any contribution to [redacted] other than the check that you have described that arrived at your office?

A No. I can't recall any.

Q Did you contact anyone other than Mr. Slease and Mr. Kirtle about raising funds for [redacted] in response to the request by Colonel North?

[Witness and counsel confer.]

THE WITNESS: I'm sorry, I forgot the question.

[The reporter read the record as requested.]

THE WITNESS: I'm not saying I contacted Mr. Kirtle. I can't recall whether I contacted Kirtle. I didn't know Mr. Kirtle to start with. Slease--I believe I may have asked him to call me or he may have called me and asked me to call Kirtle, just to clarify the record.

I, of course, discussed this with Mr. Feulner. I can't recall any other conversations. I was trying to minimize the number of people who were involved in this.

BY MR. FRYMAN:

Q The conversation with Mr. Fuelner that you have described concerns the mechanism for the transfer of the funds that were to be donated by Mr. Donahue. Did you have any other conversation with Mr. Feulner about raising funds for [redacted]

MR. SILBERT: My only problem with the question, I don't think you intended it, I don't think that Mr. Godson indicated he was aware that when he talked to Faulner who the contributor was, and part of your question may be taken to assume that he did. I don't think you intended it that way, but I just wanted to make sure the record is clear that we are not assuming something that is not in evidence.

BY MR. FRYMAN:

Q With that understanding, Mr. Godson, can you answer the question?

A I'm sorry.

Q Let me phrase it again. Other than the conversation with Mr. Faulner that you have described about the mechanics of transferring the contribution that was being arranged by Mr. Slease, did you have any additional conversations with Mr. Faulner with respect to the raising of funds for [redacted]

A Other than that it was a generally good idea. I mean, we discussed it that it was a generally good idea, but I don't recall a specific conversation about that. There wasn't much time. He was pressed.

Q Did you ask Mr. Faulner to undertake any fund-raising efforts?

A I can't recall whether I did, but I wouldn't be surprised if I had said, obviously, you know, can you help too? I mean, it would have been consistent with my views

UNCLASSIFIED

about this, but I don't recall the specifics.

. Q Do you have any information with respect to whether or not he did?

. A No, I don't.

. Q Do you know an individual named Scot t Miller?

. A Yes.

. Q How did you meet Mr. Miller?

. A Through Mr. Slease.

. Q What was the occasion when you met Mr. Miller?

. A I think the first time I met Mr. Miller was in Switzerland, when I was attending a meeting in Switzerland about a subject which is completely irrelevant to the subject matter here of this investigation.

. Q Were you aware that Mr. Miller worked with Mr. Hirtle?

. A Yes, I was.

. Q Did you have any information about any involvement by Scot t Miller in the fund-raising efforts by Mr. Hirtle?

. A Pertaining to [redacted]?

. Q Yes.

. A No information whatsoever.

. Q Were you ever told that Scot t Miller had been involved in the fund-raising efforts?

. A No.

. Q With John Hirtle?

UNCLASSIFIED

A No.

MR. SILBERT: You mean the fund-raising efforts for [redacted]

BY MR. FRYMAN:

Q Yes, the fund-raising efforts that we have been discussing.

A Right.

Q So the first time you met Scot*t* Miller was in Switzerland?

A Correct.

Q And this was a meeting that Mr. Slease arranged?

A I don't know if he arranged it. I think Mr. Miller was in Switzerland. I was there, and it was the first time we were probably in the same city.

Q Had you known in advance that Scot*t* Miller was going to be there?

A Yes. I mean, he does business in Switzerland, and Mr. Slease had told me he was there and that he might be interested in attending some of the activities that I was involved in which have nothing to do with Central America.

Q Do you know Faith Whittlesey?

A Yes.

Q Had you known Mrs. Whittlesey during the time that she worked in the White House?

A Yes, I had.

. Q And at that time you were a consultant to the National Security Council?

. A Correct.

. Q And she later became Ambassador to Switzerland, is that correct?

. A Correct.

. Q And you continued to know her in that capacity?

. A Correct.

. Q Did you ever have any discussion with Mrs. Whittlesey about raising funds for any purpose relating to Nicaragua or Central America?

. A In the years--raising funds relating to Nicaragua--Central America is to me a big subject. If you are asking about raising funds in any way to do with the contras, no. I mean, I never had any conversation with her to my recollection about that.

. Q But you do recall conversations that would be responsive to the broader question that I raised?

. A As I recall, I may have had conversations with her in 1982-83, in around that period, I mean in that time, about educational programs about American foreign policy including Central America. She was in charge of the Office of Public Liaison and so she was in contact with a lot of groups, and I probably had conversations with her. I could have had conversations with her about that, and I think it's likely but I don't recall the specifics of it.

UNCLASSIFIED

RPTS CANTOR

DCMN QUINTERO

. Q During the period when she was Ambassador to Switzerland, did you ever have any conversation or correspondence with her concerning the raising of funds related to Nicaragua or Central America?

. A No.

. Q During the time that she was ambassador, you attended a number of meetings and dinner at the embassies in Switzerland; did you not?

. A I attended two.

. Q Did these two meetings relate in any way or involve in any way the raising of funds for [redacted] or Central America?

. A Absolutely not.

. Q Was one of the persons who attended one of these meetings Sir James Goldsmith?

. A He did.

. Q Do you have any knowledge of any effort to obtain contributions from Sir James Goldsmith?

. A No.

. Q Relating to [redacted]

. A No.

When you said [redacted]

assume we are talking about fund raising for [redacted]

UNCLASSIFIED

[redacted]

That is what you mean by that?

MR. FRYMAN: Office the record.

[Discussion off the record.]

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Mr. Godson, do you have any information, or are you aware of any information concerning attempts to obtain contributions by Sir James Goldsmith [redacted] for the resistance forces in Nicaragua, or any public education or lobbying campaign in the United States relating to Nicaragua?

A I am unaware of any such.

Q Do you know Arturo Cruz?

A That is senior?

Q Yes.

A Yes.

Q Are you aware that he received funds at some point from the National Strategy Information Center?

MR. SILBERT: Just for the record, although this was not one of the subjects we understood to be the area of inquiry today, Mr. Fryman, because it happened to be the one area that we thought might be germane to Mr. Godson's inquiry, we did prepare on that, and we are prepared to respond to your questions on that.

UNCLASSIFIED

. THE WITNESS: Yes, I am aware that he was a research fellow at the National Strategy Information Center, for six months.

. BY MR. FRYMAN:

. Q What period of time was this?

. A I can't recall exactly, in '84 or '85.

. Q Do you recall how much money he received?

. A I think it was in the area of $40,000.

. Q Do you know why he was--

. A He was paid $40,000 before taxes.

. Q Do you know why he was retained by the National Strategy Information Center in that capacity.

. A He was an outstanding intellectual/ who the National Strategy Information Center thought could contribute to public understanding of events transpiring in Nicaragua, especially as he had been involved in Nicaraguan political affairs and had been ambassador, and had written extensively about the subject.

. Q Was it your suggestion that he be retained.

. A It was my suggestion initially.

. Q Initially?

. A To Frank Barnett?

. Q Had you ever discussed that idea with Colonel North?

. A Yes.

. Q Did Colonel North make that suggestion to you, that

UNCLASSIFIED

Mr. Cruz be retained by the NSIC?

. A He and Vincent Cannistraro had a conversation with me about this one day and said that Arturo Cruz was looking for meaningful work and wanted to write, and asked whether I knew of a foundation or a center where he could do that.

. Q So that conversation with Colonel North and Mr. Cannistraro is what prompted your recommendation to the NSIC; is that correct?

. A Just one second.

[Witness confers with counsel.]

. THE WITNESS: Yes. They initiated the idea, but I also thought, I mean myself, that this would be a useful thing. I have read some of Mr. Cruz' articles in scholarly publications, intellectual magazines, and thought he would make an interesting person to have as a research fellow.

. BY MR. FRYMAN:

. Q Did you discuss the retention of Mr. Cruz with anyone else inside the United States Government other than Colonel North and Mr. Cannistraro?

. A Not to my recollection.

. Q Did you discuss it with Mr. Casey?

. A No.

. Q With Walt Raymond? ~~[illegible]~~?

. A No. What I wanted to add there was I can't say later on when he was a fellow I may have mentioned it to

Walt Ramon that he was a fellow.

I can't say I didn't say I didn't say it at a later point but I didn't discuss it with anyone else before I discussed it with Mr. Barnett at MSIC and decided to offer him--

[redacted]

. Q Were you satisfied with the work that Mr. Cruz performed in connection with the grant he received from the NSIC?

. A Regrettably we were not.

. Q Did it surprise you that his work was not satisfactory?

. A Yes, it did.

. Q We have talked, Mr. Godson, about the National Strategy Information Center, which I take it is a nonprofit organization.

. A Nonpartisan, tax-exempt, educational organization.

. Q Are you associated with any other nonprofit organizations?

. A When you say ''associate with''?

. Q Let me narrow it down. Have you formed any organizations yourself?

. A In this last year, '86-'87 I did from a new organization. That is the wrong term.

Off the record.

[Discussion off the record.]

MR. FRYMAN: On the record.

THE WITNESS: I have been involved in setting up, refurbishing, if you will, an older but turning it into a new tax-exempt organization in this past calendar year.

BY MR. FRYMAN:

Q What is the name of that organization?

A I think it is Institute for International Affairs, or Studies, or something.

Q And your involvement in that began in 1987?

A '86, I think.

Q Within the last 12 months?

A Yes.

Q Other than that organization, have you been involved in the establishment or the reformulation of any other nonprofit organizations?

A Over my lifetime?

Q Let's say within the last three years?

A Not to my recollection. No, I don't think so.

Q Have you had control over the bank account of any other nonprofit organization within the last--

A By ''other,'' you are referring to this new institute?

Q By ''other,'' I am referring to anything other than this new institute, and I am also including NSIC.

A I want to be very clear. I have no control.

I am not an officer of NSIC. I am not a director of NSIC. I am a part-time director, that is it is in name only, so that is somebody who is identified as the director. I have no control of the bank accounts of NSIC or of any other organization other than this newly formed institute, and I am not even sure if I have control of the bank account there.

. Q And you have not had within the last three years?

. A No.

. Q I have a few other questions relating or associated with Colonel North's chart, which is Exhibit 2. We were talking earlier, Mr. Godson, about a youth conference that was held in Jamaica in 1985. Did you attend that conference?

. A I did.

. Q Did you have any responsibility in connection with the conference?

. A Could you define responsibility for me, please?

. Q Let me rephrase the question. What was your role in that conference?

. A I was asked to attend the Jamaica International Youth Conference, by Kelly Alexander, who was the President of the USIYYC, the same organization, it should be U.S. International Youth Year Commission.

Mr. Cone was chairman of the governing board. Kelly

Alexander was the elected president of the organization. I was asked to travel to Jamaica to be a consultant or adviser to him. And I was also asked by the Minister of Youth of Jamaica if I would attend, to be available, should he have any questions for me.

. Q Who was the Minister of Youth of Jamaica?

. A Erol Anderson.

. Q How is that spelled?

. A Anderson, you know.

. Q And when were you originally asked to participate or to be involved in this conference?

. A I can't recall exactly which month.

. Q Do you recall the year?

. A 1985.

. Q The conference was held in April of 1985?

. A Yes.

. Q And it is your recollection you had no role in that conference prior to 1985?

. MR. SILBERT: I really have a problem with this. He didn't say that he had no role.

You asked the question. You asked him how he happened to attend, and he responded to it.

. MR. FRYMAN: I think I asked, him, Mr. Silbert, what was his role in the conference.

. MR. SILBERT: You asked him his responsibilities and he asked you to clarify that and you said you would rephrase the question and you asked how he happened to attend, and he responded Kelly Alexander asked him to attend.

MR. FRYMAN: If the reporter could go back and read the question and answer relating to Mr. Godson's original involvement in the conference in Jamaica?

[Question and answer read.]

BY MR. FRYMAN:

Q Mr. Godson, the reporter has read a prior question and answer. I had asked you what your role was in that conference, and you had responded that you were asked to attend by Mr. Alexander, and then a subsequent answer you indicated that that request occurred in 1985, and my follow-up question is did you have any role in that conference prior to 1985.

MR. SILBERT: I would like to hear a proffer as to the materiality of that to House Resolution 12, and then I will try to make an assessment as to whether I think it is germane to the inquiry.

MR. FRYMAN: It is very simple, Mr. Silbert. Exhibit 2 is in front of you, and I think questions relating to the Jamaica conference and Mr. Godson's role in that conference and the International Youth Year activities are relevant, and I would ask Mr. Godson to answer the question.

MR. SILBERT: If you have more pointed questions that relate to Exhibit 2, I think they are relevant. We are fast approaching the end of this deposition today, as far as my schedule permits and we are not going to go into the history of Mr. Godson's role in the youth movement or in the Jamaican conference.

. MR. FRYMAN: The question stands, and he can either answer it or you can direct him not to answer it.

. MR. SILBERT: I will object to the question on the grounds I have previously stated, twofold grounds. Myself not being aware until yesterday that--well, at no time was I told the youth commission activities would be a subject of today's deposition.

Not until yesterday at sometime around 5 o'clock was I advised that my understanding of the scope of today's deposition was incorrect. Therefore, in terms of lack of being able to prepare the witness, particularly on such broad-ranging inquiries that seem to go far beyond the mandate of the committee, I certainly haven't done the preparation for today's deposition.

Secondly, I also object on the grounds of relevance.

. MR. FRYMAN: Again, I don't think any purpose is served by a detailed debate back and forth as to what you expected the subject matter of the deposition to be. I will merely point out that we have had a previous exchange of correspondence concerning subpoenas that directly involved the International Youth Year and Mr. Godson's association with it.

I will also point out that in our prior interview there was an extensive discussion of that subject, and how you concluded that it would not be a subject for discussion today is beyond me.

MR. SILBERT: I think it is very simple, Mr. Fryman. I think it is perfectly clear from that interview, based on Mr. Godson's answer that the information he knew of, the information of which he was aware, had utterly no relevance to either Exhibit 2, or anything within the mandate of the scope of the committee and, therefore, it was natural for me to conclude, when you did not make specific reference to it, that having had an investigator come down and go through all the files in our office that related to that, and further having examined him at an informal interview at which Professor Godson voluntarily appeared and spent considerable time, as you are correct, going over this subject, and there being nothing said in that interview that indicated the remotest affiliation with anything to do with Nicaragua, or Iran, or arms for the Sandinistas, from his association with the youth movement, I naturally assumed that it would not be the subject of this deposition and the committee would not waste its time.

MR. FRYMAN: The questions stands.

BY MR. FRYMAN:

Q The question stands, Mr. Godson. You should answer the question unless your counsel directs you not to.

MR. SILBERT: I respectfully advise the witness that for the reasons previously stated, he ought not to answer the question.

If you want to construe that as a direction, you may.

BY MR. FRYMAN:

Q Mr. Godson, are you refusing to answer the question?

A On advice of counsel, at this time I decline to answer the question.

Can I add also that I have tried to be as cooperative as I can. I wish to do so, but at this time I decline to answer the question.

Q In connection with your association with the April 1985 conference in Jamaica, and your work on the International Youth Year, did you receive any United States Government funds?

[Witness and counsel confer.]

THE WITNESS: I may have misunderstood the question. Could you repeat.

[Question read.]

THE WITNESS: With respect to attending that conference, I received no funds.

BY MR. FRYMAN:

Q I don't think that is responsive to the question. Read the question again.

MR. SILBERT: That is his answer. You don't have to read the question. If you want to ask a follow-up question, you may.

He has answered that question.

BY MR. FRYMAN:

Q Mr. Godson, the question had two parts. One related to the Jamaica conference; the other part had to do with other activities by you relating to the International Youth Year.

Did you receive any United States Government funds or did any organization with which you are associated receive any United States Government funds in connection with such activities?

MR. SILBERT: That is such a broad-ranging question, and unless I have some better idea as to gain how that is germane to the committee's inquiry, I object to the answer and will advise him not to answer it.

It doesn't mean that a more precisely pinpointed question that focuses in on House Resolution 12, or deposition No. 2, I would make the same objection and instructions, but I do object to the question respectfully as phrased.

BY MR. FRYMAN:

Q Do you understand the question, Mr. Godson?

UNCLASSIFIED

. A I think so.

. Q And are you refusing to answer the question?

. A Yes, on advice of my counsel at this time.

UNCLASSIFIED

RPTS THOMAS

DCMN PARKER

[1:00 p.m.]

MR. FRYMAN: Mr. Silbert, I have a series of additional questions in the same area concerning payment of United States Government funds to Mr. Godson in connection with the International Youth Year. Is it your position that you will advise your client not to answer such questions.

MR. SILBERT: I am not prepared to say that. I would have to hear each specific question, and then try to make an assessment as to whether that question, given my prior objections, continuing objection, he should answer.

BY MR. FRYMAN:

Q Were national strategy information center bank accounts used in connection with your activities with respect to the International Youth Year?

MR. SILBERT: I am not sure I understand that question. Do you?

THE WITNESS: I may have some idea, but this points to the purpose of us having consulted about these matters.

MR. FRYMAN: Do you understand the question?

THE WITNESS: I am not sure I do either. I may be able to. I am not sure.

BY MR. FRYMAN:

Q What is it you do not understand about the question?

. MR. SILBERT: He is not prepared to answer. I haven't discussed this subject matter with him at all. I have to step out and give myself background, so I could be able to counsel him with respect to these matters. Again, that particular question, I do have problems with relevance as well. I just don't understand how it relates even to Deposition Number 2.

. MR. FRYMAN: The pending question is what is it about the question that I asked that he does not understand.

. MR. SILBERT: I know I didn't understand it, something to do with any bank accounts used--

. BY MR. FRYMAN: My question is Mr. Godson's understanding Mr. Silbert.

. THE WITNESS: I am afraid I have to explain to him what I think may be involved. Can we go outside for a minute?

. MR. FRYMAN: Let the record reflect the witness has asked to confer with counsel, and we will go off the record.

. [Recess.]

. MR. FRYMAN: Let's make break and resume at 2 o'clock.

. [Whereupon, at 1:20 p.m. the deposition was recessed, to reconvene at 2:00 p.m. the same day.]

UNCLASSIFIED

RPTS CANTOR

DCMN KOEHLER

AFTERNOON SESSION

BY MR. FRYMAN:

Q Mr. Godson, would you generally describe the nature of your involvement in the activities relating to the International Youth Year?

A I had been studying international youth affairs for many years, and began a study of the International Youth Year back in the early 1980's. I played a role in encouraging the United States Government as well as the Jamaican and other governments to have a major international conference.

I worked with youth in the United States and abroad, to encourage participation of democratic youth groups in the first-ever global conference of democratic youth. I played no role whatsoever in handling the money or in making any of the key decisions. These were decisions that were made by governments and by the youth groups themselves.

I know of no discussion or actual diversion of any funds to the Nicaraguan democratic resistance in connection with youth activity. The chart, I know of no reason why any youth organization should be mentioned, should be indicated there, and I never have seen this or was involved in any discussion or activity pertaining to this chart or the diversion of any funds to the Nicaraguan democratic resistance.

. Q Did you discuss your activities in connection with the International Youth Year with any employee of the National Security Council?

. A Yes.

. Q Which employee?

. A Several. Walt Raymond was the primary person.

. Q Did you ever discuss your activities in any way with Oliver North?

. A I have no recollection of any conversation about that.

. Q Did you discuss your activities with Mr. Cannistraro?

. A I am sure he was aware that I worked on that project, but this was--Walt Raymond was the primary person at NSC responsible. I may have discussed it. I discussed youth affairs in general with Walt Raymond. I cannot say that Mr. Cannistraro was never present when those discussions took place, but in the main, Mr. Raymond was the person at the NSC who dealt with youth matters.

. Q Do you have any information with respect to whether Mr. Raymond ever discussed your activities with Colonel North?

UNCLASSIFIED

. A I have no information at all.

. Q The conference held in Jamaica in April 1985, what did you understand to be the purpose of that conference?

. A The purpose was to bring democratic youth, youth from democratic organizations together to discuss future problems that would face youth into the future, and to consider whether to establish an on-going youth organization, a global democratic youth organization.

. Q Was that to be known as a secretariat?

. A My recollection--I can't remember the name, but no, the secretariat was designed to be the secretariat to the--there was a secretariat for the conference itself. I mean that is a formal international procedure to have a secretariat for the conference, and if there was a follow-up organization, there would be a secretariat to a follow-up organization.

. Q Was there a delegation from Nicaragua at this conference in Jamaica?

A I believe there was.

. Q Did you have any contact with that delegation?

. A No, I did not. I mean, I can't say I didn't see them in the corridors, something like that, but I don't remember any conversation with them.

. Q In your description of your involvement in the International Youth Year activities, as I understand your answer, you indicated that you did not have control over any government funds, is that correct?

. A Correct. -

. Q Were you paid for your involvement in these activities?

. A In part, yes, as a consultant and the first to USIA in the early 1980's, and in part as a consultant to the NSC.

. Q And any payments that you received were in one of those capacities, as a consulting fee to one of those two organizations?

. A Exactly.

. Q Are you aware of the deposit of any United States Government funds to any account of the National Strategy Information Center relating to the International Youth Year?

. A In 1981, I think there was a grant to the National Strategy Information Center, in 1981.

. Q Was that a USIA grant?

. A Yes.

. Q And after 1981?

. A I don't recall any other grant from USIA. I can't swear there wasn't one. It may have continued into 1982, but it was at that period. It was to do a study of International Youth Year for the United States Government.

. Q And other than that USIA grant, you are not aware of any other government funds relating to the International

Youth Year being deposited in any NSIC account?

. A Right.

. Q That is correct?

. A Correct.

. Q Turning back to Exhibit 2, Mr. Godson; you have testified that you first saw that chart either in the Tower Commission Report or in a newspaper article describing the Tower Commission Report, and when you saw it, you were concerned about the box with the entry that appears to be an abbreviation for the International Youth Committee or International Youth Commission, and you were concerned that that box might be identified with your work in some way or other?

. A Correct.

. Q Did you recognize any of the other entities on that chart?

. A Well, the box, the only arrow I see from that box is to FDN, and I had assumed FDN was the main body of the Nicaraguan military arm that is fighting the Sandinista government.

. Q Let's approach it another way, Mr. Godson. Focusing at first on the top line of the chart, the first box is NEPL. Did you recognize that?

. A Let me say I recognized nothing,--I recognized nothing on the top line at all, Youth something or other,

UNCLASSIFIED

and then I didn't, at that time, recognize this one, NSI, but I guess I now want to interpret that as ISI.

. Q You mean INSI?

. A Oh, if that is what that is, I don't know. I didn't recognize any. That IN or N?

. Q In recognizing that, you do not associate that with the Institute for North-South Issues?

. A It occurred to me it could have been. It occurred to me, but that wasn't what concerned me when I first saw the chart.

. Q Did you recognize any of the entities identified in any of the other boxes on the top line?

. A No.

. Q You did not know what IDEA stood for?

. A No.

. Q Or the GNC Foundation?

. A No.

. Q And what about the box next to the International Youth Committee?

. A No.

. Q Or commission?

. A No. I still don't.

. Q On the next line there is a box around the initials, IBC. Did you recognize that?

. A I was not fully--I don't remember when, at what

UNCLASSIFIED

point it hit me that Richard Miller had a company called something with IBC in it, but it didn't initially, because I didn't deal with that company.

Q So, at the time you first read this chart, you had not realized that IBC was Mr. Miller's company?

A Correct.

Q What about IC, Inc. on that line?

A That sort of struck a bell because I think I remember the account in the Cayman Islands had IC as part of its letters and numbers, as I recall, so it concerned me when I saw it.

Q At the time you first saw this chart in the paper?

A I can't remember if it was that very day, whether it was that day or the next day, or two days later.

Q And what about the box on that same line that appears to sa~~l~~y IC8A or SA?

A It didn't mean anything to me other than on the first one.

Q What about the box that contains the word, ''Lake''?

A I had never heard of it until the hearings became public.

Q Had you ever had any discussion with Colonel North about any Swiss bank account?

A No.

. Q And no one had ever told you about an account in a Swiss bank called the ''Lake Account''?

. A No.

. Q The box with the initials, FDN, you indicated earlier you believe you recognized those initials?

. A The initials of the main body fighting against the Sandinista government.

. Q And the box beside that appears to have UNO.

. A I recognize that as UNO. I thought that might be UNO, which became the coordinating body of the resistance.

. Q What about the two boxes beneath that?

. A I can't actually read. My eyes aren't good enough. I couldn't tell you what those letters are.

. Q Do you see the names beside the boxes, beside the box on the left, ~~Rubello~~ Robelo, and beside the box on the right, the name, Cruz?

. A I can't read it right. I can see the left, and I do see ~~Rubello~~ Robelo.

. Q Did you notice those names when you first read the chart?

. A Not really, because--I mean I didn't study it. It wasn't something I was studying. The only one where I thought it might immediately lead to false inference as pertains to the Intl Youth Comm.

. Q Finally, Mr. Godson, just to finish this chart, at the bottom level there is a box with the initials ACE in it. Did you recognize those initials?

. A No, I didn't.

. Q And then further to the right, there are six additional boxes that have Udall Defex.

. A I can say the others are meaning less to me.

. Q There is one additional box that is out beside the box that has the word, ''Lake,'' in it. Do you see that?

. A This one, you mean?

. Q Yes.

. A Is that what that says?

. MR. SILBERT: No, this says, Like.

. THE WITNESS: I don't even know what that says. I can't read it and that doesn't mean anything to me, whatever that is.

. BY MR. FRYMAN:

. Q It appears to have the letters BOL.

. A If that is BOL, it still doesn't mean anything to me.

. Q Did you ever have any contact with Richard Miller, apart from the matters that you have described involving the transfers of the contributions that had been arranged by Terry Slease and John Hirtle?

. A Not to my recollection. I think I only saw him once or twice in my life.

UNCLASSIFIED

. Q Do you recall attempting to reach Mr. Miller by telephone at his office, and he not being present in the office, and your leaving a message that it was urgent that he get back to you promptly, that you were about to leave for Europe?

. MR. SILBERT: Can you put any time frame? Can you give the year?

. THE WITNESS: I don't remember that. The only reasons I would have been interested in getting something from Mr. Miller would have been the precise name, you know, the method of transferring the funds [redacted] That was the basis of my relationship with Mr. Miller, and the only thing I can say is, if he says that there was such a message left at his office, that I did travel to Europe, I do travel to Europe, and it was quite likely I was trying to get--it is entirely plausible I was just trying to get the name, the number of the account.

. BY MR. FRYMAN:

. Q And you were not trying to contact him about any other subject?

. A I was not involved with him in any other subject other than [redacted]

. Q Were you aware of Mr. Miller's role in attempting to obtain the release of hostages in the Middle East?

. A I was unaware of it, and if he was, it was the

UNCLASSIFIED

first time I have heard it.

Q And you had no contact with him with respect to that?

A Correct.

Q Did you have any knowledge of a supposed Saudi prince named Almasudi?

A No.

Q Have you ever met Carl Channell?

A You asked me that before, and to my knowledge, no.

Q Have you ever met Dan Conrad?

A To my knowledge, no.

Q One of Mr. Channell's associates?

A I didn't know that, but no, I don't think so.

Q Have you ever had any involvement in--

MR. SILBERT: Who was that last name?

THE WITNESS: Dan Conrad.

MR. SIL[illegible]Conrad?

BY MR. FRYMAN:

Q Have you ever had any involvement in the fundraising activities of Mr. Channell's organizations?

A No.

MR. FRYMAN: Off the record.

UNCLASSIFIED

RPTS THOMAS

DCMN PARKER

[2:30 p.m.]

BY MR. FRYMAN:

Q Mr. Godson, going back to our discussion of the contributions that was ultimately made by the Heritage Foundation and your conversation with Mr. Feulner, as I recall your testimony, you stated that you informed Mr. Feulner in the initial conversation that these were funds being raised for the purpose of transferring them to [redacted] is that correct?

A Correct.

Q Did you have further conversations with Mr. Feulner about that grant?

A Other than that day you mean?

Q Yes.

A I don't recall any other. He was leaving, as I recall, to travel abroad, and I think he instructed me to deal with Mr. Trulock. I think that is what happened. There would be no other reason for me to have discussed it.

Q Have you discussed that grant with Mr. Feulner any time this year?

A Yes, sir, I have.

Q When did you discuss it?

A I don't remember the date.

. Q Within the last three months.

. A Yes.

. Q How did that conversation come about?

. A He called me telling me that there was a newspaper journalist conferring with counsel--newspaper, particular journalist who was likely to be hostile to the Heritage Foundation, and I had come across their grants to the institute for north/south affairs, and he was calling to ask me what I recalled about the grant.

. I think it was Mr. Trulock called me first. Mr. Trulock called me first. I then returned the call to Mr. Feulner, then I think we had a three-way conversation, Trulock, Feulner and myself, on the telephone in which he said he forgot what the purpose of that grant was. I said I remembered it very clearly.

. He remembered what it was. We agreed that Mr. Trulock would not tell the journalist the purpose intended by the recipient of that grant.

. Q You reminded him of your original conversation with him where you had stated the purpose.

. A Correct.

. Q Did he indicate that that then refreshed his recollection about the purpose.

. A It did, but he also asked me what was the Institute for the North/South. In other words, he couldn't remember.

didn't appear to remember the whole transaction, and so I reminded him there was Mr. Miller, and he was--they were--Mr. Channel was on the telephone. I was trying to be somewhat discrete about this, but he understood that that was [redacted] and the institute was the method of transferring, and he seemed to accept that.

. He agreed--instructed Mr. Trulock not to inform the journalist about it.

. Q Have you had any further discussions with Mr. Faulner about this grant?

. A Yes, I had one further discussion with him about it on the night when Congressman Fascell asked questions about my meetings with Colonel North and about Mr. Donahue and Mr. Hirtle and he was informed by Colonel North this was agreed this would not be a subject for public discussion; that the committee had apparently made some determination it wouldn't be discussed in public.

. Mr. Faulner's office--I was on jury duty--that Mr. Faulner's office, during the course of the day apparently issued some sort of statement to the press about the remarks which Congressman Fascell had made. The journalist inquired of me that evening. I deferred to comment about who the recipient of the funds--Mr. Trulock apparently had told the journalist from their inquiries of me that I had asked the Heritage Foundation to transfer the funds to the Institute

UNCLASSIFIED

for North/South Affairs, suggesting they were doing this only because I and Mr. Slease had done this.

Mr. Faulner had called me in the evening after--this was later in the evening, fairly recent, as I remember this quite well--and was apparently out of the city or just returned to the city that day and said he was unaware Mr. Trulock had made this statement. And we both agreed it was unfortunate, especially as he knew the reasons for the transfer of the funds, and this obviously left a false impression.

But given the sensitivity of the recipient, we decided to live with the fact that the record reflected somewhat adversely on me and Mr. Slease, and just decided to leave it at that.

MR. FRYMAN: Mr. Godson, I have no further questions. Mr. McGough, I believe, now has some questions.

BY MR. MCGOUGH:

Q I will follow up a few.

Mr. Godson, outside of the discussions with Colonel North that you have already described, did you ever discuss with him on any other occasions the needs of the Nicaragua resistance for financial support.

A No, I didn't.

Q Did you ever--

A Not to my recollection.

UNCLASSIFIED

. Q Did he ever request or suggest to you that you solicit money for any other cause at all?

. A We--any other cause other than the subject matter of the investigation that you are talking about here.

. Q Other than what we discussed already? [redacted] [redacted] did he ever discuss or ask you to raise money for anything other than [redacted] [redacted] in the circumstances you have described?

. A Are you asking about any other part of the world have to do with domestic, to do with [redacted] I don't understand the question.

. Q I think it is, yes, the answer to your question for clarification, any other part of the world. Did Colonel North ever ask you to raise money for anything else other than [redacted]

. A I am trying to think. I don't recall anything specific, no.

. Q The qualification you don't recall anything specific bothers me a little bit.

. A I can't say that I didn't have--can I talk to my counsel?

. MR. MCGOUGH: Sure.

. [Conferring with counsel.]

. MR. SILBERT: I think we will have to step outside.

. MR. MCGOUGH: Okay.

UNCLASSIFIED

[Recess.]

THE WITNESS: The answer to your question is I cannot recall a specific incident where we asked me to raise funds for anything else.

BY MR. MCGOUGH:

Q Did you ever discuss with Mr. Miller, Richard Miller, that is, what, if any, compensation he or IMS or anyone else associated with him might take out of the donation or contribution?

A No, I did not. I actually didn't assume he was taking anything.

Q You had no information that IMS or Mr. Miller deducted any amount from those contributions prior to passing them on to [redacted]

A No, I was doing this pro bono. I assumed he was.

Q Did you discuss that specifically with him?

A No.

Q Did you discuss compensation?

A No, it didn't come up.

Q Did Colonel North ever mention anything to you on this?

A No.

Q In your conversations with Mr. North, Colonel North, Mr. McFarlane or Mr. Cannistraro ~~Canastarro~~, did you ever discuss the tax deductibility of any contributions that might be made to [redacted]?

. A I don't recall ever discussing those details with them. I didn't--it wasn't their business, wasn't their profession as far as I was concerned. That was me in my role as a private citizen who knew about tax-deductible contributions.

. Q And in that role, knowing about that, you were aware of the tax deductibility--would be an incentive for someone to make a contribution.

. A It would to [redacted] yes. I thought it would be.

. Q An incentive to [redacted] or incentive to the contributor?

. A To the contributor, but of course we figure there may be others who wouldn't particularly want to. That is why there were two different accounts.

. Q You did discuss the tax deductibility with Mr. Miller.

. A Yes, sir.

. Q You talk about two different ways to do it.

. A Yes.

. Q You said there may be people who might not want to take tax deductions for it. Why did you assume that?

. A I don't know. I, just in case there was somebody to do it, I wanted to have a way to do it. I wasn't planning to make the solicitations, but it was just an option.

. Q Was there anything about the contribution that led you to believe it might not be tax deductible?

. A No, it wasn't that it was to tax deductible, quickly at hand the mechanism for doing this. Actually, Mr. Miller did not give me details until I said we actually had somebody who wanted to actually make the contribution.

. Q It is a little bit perplexing to me a bit that you would have two avenues of making the same contribution, one that would--only difference being one tax deductible and one not tax deductible.

. A I have never been fortunate to be in a position to worry about whether to make that determination, whether to make a contribution tax deductible or not. I understand some people who are in that position do have reasons why they chose to do it. I can't tell you why they do it. All I know they like to do that.

. Q In other words, you say there are some people who prefer not to take the tax deduction?

. A I don't know if they can take it. I don't know the mechanism that you use to take or not take tax deductions. I just don't know the reasons why.

. Q Did you ever discuss tax deductibility of these contributions with Mr. Slease?

. A Other than to say we had a tax deductible way and no tax deductible way, no.

. Q Did you discuss why there were two ways?

. A No.

. Q Did you ever have any contact with Mr. Miller's partner, Frank Gomez?

. A I don't believe I have met him.

. Q Did you ever meet an individual by the name of Kevin Katke?

. A Not to my knowledge.

. Q Were you ever asked by Mr. Slease or anyone else associated with these contributions to [redacted] to supply or obtain documentation to support a tax deduction for the contribution?

. A Who asked me?

. Q Did anyone associated with these contributions ever ask you for documentation that might support a tax deduction under these contributions? Did they ask for an IRS letter of determination for 501(c)3 corporation? Did you ever act as conduit for any kind of information?

. A Not to the contributors. I had no contact with the contributors. To this day, I have not met any people who contributed to this.

. Q How about to Mr. Slease or Heritage Foundation?

. A Well, they--I don't know how they--with Mr. Slease.

he just asked me if I thought--I said the institute was tax deductible. There as such an institute, and it was tax deductible. He accepted my word.

. Q And on what did you base--

. A He seemed to accept my word. He didn't challenge it.

. Q Did he ask for documentation?

. A I don't recall him asking for documentation. To be fair to him I think he would assume that I am responsible, and that I would have had some reason to believe that this was a tax deductible--this was a foundation or entity that qualified to receive tax deductible funds.

. Q Did you ever ask Colonel North or anyone else why the contribution wasn't made directly to [redacted]

[redacted]?

. A Well, to me it was obvious why. I didn't ask. It was obvious [redacted]

. Q I don't have any further questions.

. BY MR. OLIVER:

Q Mr. Godson, do you know whether in fact the money ever actually reached [redacted]?

A No.

Q Did you ever ask anyone whether or not it reached [redacted]

A I assumed from the fact that--

MR. SILBERT: The question is--

THE WITNESS: The answer is no.

BY MR. OLIVER:

Q Did Colonel North or Rich Miller tell you that this IC account which they collected to have checks made out, did they tell you that that was [redacted] account?

A No.

Q Were you aware that the principals on that account were Mr. Miller and Mr. Gomez?

A No, I didn't know who, don't even know what the word principal means. I just assumed Miller controlled the account.

Q So it is possible that the money could have gone elsewhere other than [redacted] once it reached that account?

A It is possible.

Q Is it possible that the money could have gone to Lake Resources from that account?

MR. SILBERT: Excuse me.

UNCLASSIFIED

MR. OLIVER: I will withdraw the question.

Do you understand whether or not the money went from that account to Lake Resources?

THE WITNESS: No, I don't.

MR. OLIVER: I would like to ask the reporter to make this Godson Exhibit 4.

[The document was marked as Deposition Exhibit Number 4.]

MR. OLIVER: I show the document to the witness.

BY MR. OLIVER:

Q Mr. Godson, this is a declassified copy of Oliver North's handwritten notes. On the first line it refers to a meeting with Rich, then below that it says Mario Calero is speaking to--it says, ''Roy Godson re European dollars.''

Do you know what that is in reference to?

A Off the record.

[Discussion held off the record.]

MR. OLIVER: Back on the record.

THE WITNESS: I haven't the slightest.

BY MR. OLIVER:

Q Did you ever discuss with Colonel North your European fundraising for any of the projects that he was involved in?

A I don't recall ever discussing that, recall discussing with North any of the projects that he was

UNCLASSIFIED

engaged in?

Q Yes.

A No.

Q These notes are from his--

A I don't recall any discussions.

Q Did you ever attempt to raise any money in Europe from European institutions or from European individuals for any projects or activities associated with the Nicaraguan resistance.

A No, I did not.

MR. OLIVER: I would like to ask the reporter to mark that as Exhibit Number--Godson Exhibit Number 5.

[The document was marked as Deposition Number 5.]

BY MR. OLIVER:

Q This--Mr. Godson, this is another page from Oliver North's notebooks, dated September 17, 1985. Toward the bottom of the page, there is several boxes, and the middle one says, ''Godson to slip deadlin~~i~~es.''

Do you know what that is in reference to?

A No, we are taking your word that that is what it says. It is completely illegible to me.

Q I will verify that it says to slip deadlines in the original copy.

Q Did you have any discussions with Oliver North regarding a timetable for the $40,000 a month that you were

UNCLASSIFIED

attempting to raise for [redacted].

A It was $20,000.

[Counsel conferring with witness.]

MR. SILBERT: If you don't know.

THE WITNESS: I certainly don't know what that refers to.

BY MR. OLIVER:

Q Did you make a commitment or have a discussion with Colonel North about when these funds would be available.

A Never a commitment or I said I would try to meet that, those amounts I would try.

Q Do you recall whether or not in September of 1985, you were attempting to raise funds for Colonel North's projects at is request?

MR. SILBERT: For [redacted].

THE WITNESS: [redacted] was embodied at that time. That was the only time he asked me to do that.

BY MR. OLIVER:

Q Was that in this time period?

A I think--I don't have exact recall, but, yes, it is quite possible.

Q You have no recollection about a discussion with him about slipping deadlines?

A No.

MR. OLIVER: I would like to ask the reporter to

UNCLASSIFIED

mark this as Godson Exhibit Number 6.

[The document referred to was marked as Exhibit Number 6 for identification.]

BY MR. OLIVER:

Q I ask the witness to look at this document. This is, again, a copy of a page from Oliver North's notebook and on about January there is an entry there says, ''Public diplomacy,'' and there are four entries before that. Your name appears there, and then at the bottom of the page it says, ''Call Miller are Godson.''

My first question is, were you involved in the public diplomacy program that was being coordinated by the White House?

A On Central America?

Q Yes.

A No, to my knowledge, no. When I say I was not participating in it to my knowledge, somebody else may have interpreted I may have been, but I wasn't.

Q Do you have any idea what that reference is to?

A No, I am afraid I don't. What was the date?

Q January 6.

MR. SILBERT: What year?

MR. OLIVER: I believe it is 1985, but, it is not marked on that tape, but--I am not sure.

BY MR. OLIVER:

UNCLASSIFIED

. Q Well, my question, do you remember discussing public diplomacy with Colonel North?

. A No.

. Q Do you know why there would be an entry there referring to calling Milller are Godson.

. A I don't know other than the reasons we have discussed here before.

. Q Did Colonel North ever discuss with you a request from Spitz Channel or any of his organizations to seek your advice regarding setting up an international foundation.

. A No, he did not.

. Q Did he ever request--did he ever discuss with you Spitz Channel's organizations? I am referring to Colonel North.

. A I don't recall any discussion with Colonel North on this subject at all.

. Q After the April 1985 Jamaica Youth Conference, was there a debt from the expenses of the conference that you or any of the people who participated in the conference as your associates felt an obligation to pay, a financial debt?

. A I don't know. I don't recall any. I once knew, I suspect, but I have forgotten. It is not something I work on. It is too many years.

. Q Were you aware of an audit of the International Youth Conference carried out by Coopers and Lybrand in 1985.

. A I knew there was an audit by somebody.

. Q Did you ever receive a copy of that audit?

. A I personally did not.

. Q Did you ever see a copy of the audit?

. A I think the first time I saw the copy of the audit I think was when I found out that your investigators had visited Earl Silbert's office and been interested in that audit. I don't recall seeing it before that time.

. Q That audit was in your files?

. A Apparently.

. Q Are you familiar with an organization called the International Youth Trust Jamaica Limited?

. A I am not familiar with it.

. Q You indicated earlier that you had signed a contract with the National Security Council for your consultancy; is that correct?

. A Correct.

. Q Was that a renewable contract that had to be renewed annually or was it a contract that ran from the beginning of your consultancy until the end?

. A I think it is the latter.

. Q Did you, in order to be paid, have to submit a voucher for the services performed?

. A I submitted hours, hours that I worked, yes.

. Q Did that include a description of what you worked on.

. A No, it did not, just included the number of hours.

. Q Were you a member of the CIA transition team in 1980?

. A Yes.

. Q How did you happen to become a member of the CIA transition team?

. MR. SILBERT: Unless I hear an explanation as to how that relates to this inquiry, I am going to direct him not to answer.

. MR. OLIVER: Well, Mr. Silbert, the director of CIA, Mr. Casey, was a prime player in this drama and the individuals with whom Mr. Godson was associated at the National Security Council were members of the Intelligence Directorate. A number of the activities that have been discussed here have a relationship to CIA activities, at least indirectly, and what I am trying to do is to lay a foundation for questions relating to his association with the CIA, which was, as you know, involved in the transfers of arms to Iran.

. That is the purpose of my question was to lay a foundation for those questions.

. MR. SILBERT: One difficulty with that entire area is I don't know whether it relates to classified material or not, but in as far as anything that Godson did involving

UNCLASSIFIED

classified material, I have never discussed it with him, as I have said, repeatedly during this meeting. I know nothing about what he did, if it involves classified activity, unless I get a clearance I am going to advise him not to answer it, because he is not going to testify about matters I have not discussed with him.

MR. OLIVER: I believe we discussed this very subject during the interview in Mr. Fryman's office some weeks ago. There was no objection raised.

MR. SILBERT: Well, an informal conversation is one thing. This is a deposition.

MR. OLIVER: Are you directing the witness not to answer the question?

MR. SILBERT: If the answer in any way relates to classified material--I don't mind asking him, of course, about the activities that he did; how you got selected. I will direct him not to answer that question. I think that gets into his own personal political private affairs beyond this, particularly 1980, well beyond the scope of this committee's mandate.

MR. OLIVER: So you are directing him not to answer?

MR. SILBERT: Correct.

BY MR. OLIVER:

Q When did you first meet Walter Raymond?

UNCLASSIFIED

A Around the time I was in the transition team.

Q Did you have any association with Walt Raymond from that period of time, professional association, I mean from that period of time until the time that you became consultant to the Security Council?

UNCLASSIFIED

RPTS CANTOR
DCMN MILTON
[3:00]

MR. SILBERT: I think that is an area as I understand it, not that he can tell me, other than give conclusory statement, that does get into CIA-related, or may get into CIA-related matters that I have never discussed with him, and he has not discussed with me because I don't think he is able to. He is not to answer the question, not confirming or denying that he had any relationship during that period of time.

MR. OLIVER: You are directing him not to answer the question based on your consultation with him?

MR. SILBERT: Yes, and so you understand, one. I have some real questions about relevance, but ~~I don't~~ so you understand that my real concern is the potential classified nature of the inquiry, and the fact that I am not cleared, I have no clearance, have never discussed any such subject with Mr. Godson. I just want to make clear for the record here that I don't know whether it is classified or not. I certainly do not want to confirm or deny any prior relationship.

BY MR. OLIVER:

Q Mr. Godson, after you became a consultant to the

National Security Council, did you discuss with Walt Raymond a project to secure private-sector funding for Central American public diplomacy activities?

MR. SILBERT: I really should have left 20 minutes ago. I will stay five more minutes, and then I'm going to have to leave. If we have to reschedule, we will reschedule.

MR. OLIVER: I would like to mark as Godson Exhibit No. 7 a document on National Security Council stationery, which bears committee identification No. N-33440, and ask the reporter to mark that exhibit.

[The following document was marked as Godson Deposition Exhibit 7 for identification:]

BY MR. OLIVER:

Q I would like to ask Mr. Godson to examine that document.

[Discussion off the record.]

MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q Mr. Godson, that is a White House memorandum related to Central American private-sector funding. There is a paragraph there that refers to conversations that Mr. Raymond had with you about funding. In examining that document, do you recall those discussions with Mr. Raymond?

A I recall having discussions with Mr. Raymond vaguely. This was not something that I regarded as a major priority or project for me, and I vaguely recall this conversation, but I did not spend almost any time on Central American matters.

. Q Were you involved in any way in assisting Mr. Raymond with acquiring private-sector funds for Central American public diplomacy programs?

. A I certainly was not involved in assisting Mr. Raymond in any way in acquiring funds as part of my NSC responsibilities.

. Q Were you involved in any way other than your NSC responsibilities?

. A I don't recall almost any project relating to Central America. There may have been one or two, but it is not something that I regarded as a major priority for myself.

. Q Do you recall, Mr. Godson, ever leaving a message on the 9th of January, 1986, for Admiral Poindexter, who at that time was the deputy--

. A No, I think by that time he had become the National Security Adviser.

. Q Where you indicated there might be an attack on him in the press soon?

. A I did not leave that message. My appointments with Admiral Poindexter, I never personally set up my appointments. I don't recall personally having left that message. Normally it would have been one secretary to another that I was dealing with. I would have asked Mr. DeGraffenreid's secretary who set up the meetings usually. I do recall having requested the meeting, a meeting, whether it was for that day or not, and I recall that.

. Q Do you remember having such a meeting or having such discussion with Admiral Poindexter?

. A About?

. Q About an attack on him in the press?

. A The word ''attack'' is not correct. We talked about the press, his general views about meeting with the press, and the word ''attack,'' as I said, it was not my term and I suspect it was a secretary who interpreted, one secretary interpreting to another.

. I was concerned that the Admiral maintain some contacts with the press, that he have contact with the press, and I was encouraging him to do that, and I thought that this would lead to him better able to explain what he was trying to do.

. Q Did you ever talk to him or did you ever seek to talk to him about handling accounts?

. A Yes. The references to accounts in that discussion is as the Admiral remembered it when Congressman Fascell asked him the question. The word ''accounts'' refers to different projects, like in assisting an agency we use the same word at the National Strategy Information center. People have different accounts. Some people deal with businessmen, some with trade unions, some with lawyers, some with youth, and that is what that referred to, and I was asking the Admiral who did he want me to be responsible to to inform me, as I was the consultant to the National Security Adviser and as he was the former deputy and now he was the new National Security Adviser, whom should I make my main point of contact to know about all my accounts. That is the reference to the term ''accounts'' there.

. Q It did not refer to bank accounts in any way?

. A It did not refer to bank accounts in any way.

. Q Did you ever tell Admiral Poindexter about your fund-raising activities on behalf of [redacted]?

. A No, I did not.

. Q Did you ever tell anyone else in the White House or the National Security Council about these activities other than Colonel North, Mr. Cannistraro, whom you said you thought was aware of it?

. A And McFarlane to the extent he was present at that meeting, just at that one meeting. No, I did not discuss it with anyone else. I regarded it as something that should be ~~[discreet]?~~ kept discrete.

. Q Did you ever discuss the legislative efforts to acquire congressional funding for the democratic resistance with any of the organizations that were involved in the Central American freedom program? Are you familiar with the Central American freedom program?

. A No.

. Q Do you know Dan Kuykendall?

. A No.

. Q Do you know Bruce Cameron?

. A I don't think so.

. Q Do you know Penn Kimble?

. A Yes.

. Q Did you ever discuss with Penn Kimble his activities in relationship to congressional funding for the democratic resistance?

. A No.

. Q Were you aware that Mr. Kimble and Bruce Cameron took control of an organization called IDEA, which was headed by Rob Owen, later became the Center for Democracy in the Americas?

. A No, I don't know it, and if it is so now, you are informing me for the first time.

. Q Were you aware of any other individual in the National Security Council or associated with the National Security Council as consultants who were asked by Colonel North to raise funds for [redacted]?

A No.

Q For any other activities in Central America or related to the democratic resistance?

A Did I have any information about any other individuals?

Q Yes.

A No, I don't think so. Central America, I repeat, was not an area of my major concern.

Q You indicated earlier that you had known about the Institute for North-South Issues you thought from the National Endowment for Democracy, the fact that they had a--

A I had been interested in the work of the National Endowment for Democracy. Generally, I think I reviewed their reports.

Q So that is how you think that came into your view?

A I think so.

Q You indicated you had set up I believe a foundation, a 501(c)(3) foundation, within the last year and a half.

MR. SILBERT: I think he said in the last year.

BY MR. OLIVER:

Q In the last year?

A We are in the process of acquiring charity status. I can't remember the exact legal terminology for a 501(c)(3) organization. Correct.

. Q Did that entity receive any substantial funds?

. MR. SILBERT: What is the relevance of that question?

. BY MR. OLIVER:

. Q Did that entity receive any substantial funds that were connected in any way with Central America or the democratic resistance?

. A No.

. Q Did you ever meet John Donahue?

. A No. I already said that. I have answered that question.

. Q Do you know whether Mr. John Donahue knew that the contribution that he was making to Heritage was for [redacted]?

. A We are talking about the John Donahue, I assume it's the same man.

. Q The $100,000 contribution.

. A That person in the Heritage Foundation, yes. I don't know. I didn't talk to him. I have never talked to him, to my knowledge.

. Q But you did request that the President send him a letter?

. A I asked Colonel North if the President could send him a letter, yes.

. Q So you knew who he was?

A Yes, I knew who he was.

Q Did you participate in any way in the drafting or suggesting language for the drafting of the letter to Mr. Donahue?

A I could have. I don't recall. It wasn't major.

MR. OLIVER: I would like to ask the reporter to mark this as Godson Exhibit No. 8, and to show it to the witness.

[The following document was marked as Godson Deposition Exhibit 8 for identification:]

BY MR. OLIVER:

Q Have you had an opportunity to examine the document? This is a memorandum on National Security Council stationery dated October 9, 1985, from Oliver North to Robert McFarlane, subject, ''Presidential Letter to Mr. Donahue,'' the committee identification number is N-30482.

Mr. Godson, in the substantive paragraph on the first page of that exhibit, which is requesting that the President sign the letter to Mr. Donahue, it says that the President's letter thanks Mr. Donahue for his support and encouragement of our policies in Central America. ''This letter fulfills a commitment we made to Dr. Godson during our discussions last month.''

Do you recall that commitment being made to you?

A No, I don't recall a commitment being made to me at all. I wouldn't have known Mr. Donahue's name at that point.

Q Didn't you request that this letter be sent?

A The only time I had met with Mr. McFarlane, and this is a letter from North to McFarlane requesting that we make a commitment, at the time I met with them to discuss this, no commitment was made to send any letter.

Q But does this memorandum reflect your request to Colonel North that a letter be sent to Mr. Donahue?

A I think it reflects my request to the Colonel.

Q Did you indicate to Colonel North what the substance of that letter ought to be?

A I could have.

Q Did you mention to him that he should be thanked for the contribution he made to [redacted]?

A No, I wouldn't have phrased it--I mean I did not say that.

Q But it's your understanding that Mr. Donahue knew that a contribution was for [redacted]?

MR. SILBERT: I think the witness has testified about five times he has never talked to Mr. Donahue, so how he could have an understanding of what Mr. Donahue understood is a little beyond my comprehension.

BY MR. OLIVER:

Q Did Mr. Slease tell you that Mr. Donahue thought he was making a contribution to [redacted]?

A Yes.

Q Did you tell Colonel North that Mr. Donahue had made a contribution to [redacted]?

A At the point where I requested the letter, I said a Mr. Donahue has made a contribution. Can we send him a letter. Mr. Slease asked if we could send him a letter to indicate that money is going to where it's supposed to go.

Q Did you provide Colonel North with the name and address?

A I assume I did.

MR. OLIVER: I have no further questions, Mr. Godson. Thank you very much for your patience.

[Whereupon, at 3:20 p.m., the deposition was adjourned.]

LAW OFFICES
SCHWALB, DONNENFELD, BRAY & SILBERT
A PROFESSIONAL CORPORATION

BURTON A. SCHWALB
CHARLES R. DONNENFELD
JOHN M. BRAY
EARL J. SILBERT
JAMES K. STEWART
PHILIP D. GREEN
DAVID J. CURTIN
ALLEN V. FARBER
CHARLES B. WAYNE
STEVEN SARFATTI
LUCINDA J. BACH
PATRICIA L. MAHER
CARY M. FELDMAN
AMY G. RUDNICK
KEITH R. ANDERSON
KEVIN M. DINAN
DOUGLAS C. MCALLISTER
DAVID N. YELLEN
ADELE P. KIMMEL*
JAMES A. BARKER, JR.
ERIC M. KATZ
STEPHEN P. MATTHEWS

*NOT ADMITTED IN D. C.

SUITE 300 EAST
1025 THOMAS JEFFERSON STREET, N. W.
WASHINGTON, D. C. 20007

AREA CODE 202
965-7910

TELECOPIER 202-337-0676

TELEX 897007

September 8, 1987

DEPOSITION
EXHIBIT
1A

The Honorable Lee H. Hamilton
Chairman, House Select Committee to
Investigate Covert Arms Transactions
With Iran
2187 Rayburn House Office Building
Washington, D.C. 20515-1409

Attention: John W. Nields, Jr., Esquire
Chief Counsel, House Select Committee
to Investigate Covert Arms Transactions with Iran
H-419, The Capitol
Washington, D.C. 20515

Thomas Fryman, Esquire
Counsel, House Select Committee
to Investigate Covert Arms Transactions with Iran
H-419, The Capitol
Washington, D.C. 20515

Re: Deposition of Roy Godson

Dear Messrs. Nields and Fryman:

The Select Committee has requested Professor Godson to appear for a deposition on Thursday, September 10th. As a continuation of his cooperation with the Committee, Professor Godson has agreed to appear. He previously had voluntarily appeared, upon request, for a lengthy interview by staff of the Committee.

Mr. Fryman informed me that the deposition will cover two areas: fundraising for a charitable entity in Central America and "Switzerland." The purpose of this letter is to confirm this representation. At Mr. Godson's interview, many questions were asked him that regrettably far exceeded the legitimate scope of the Select Committee's mandate of responsibility. They had nothing to do with what Chairman Hamilton has described as the "two policies [which] led to the inquiry: The arms sales to Iran, and the diversion of funds from those sales to the Nicaraguan contras." Washington Report, Congressman Lee Hamilton, August 19, 1987.

Mr. Godson, in a spirit of cooperation, responded to all the irrelevant questions at his interview, questions which also grossly invaded his privacy. During the meeting, Professor Godson was assured by Committee counsel that the interview was confidential and disclosure by those present was not permitted. Despite this explicit assurance of the confidentiality of the interview, any questioning of Professor Godson at his deposition that is irrelevant to the specific responsibilities of the Committee is obviously unacceptable since this deposition becomes part of the record of the Committee's proceedings. See Rule 7.5, Rules of the Select Committee.

With respect to questions about fundraising for a charitable entity in Central America the Committee is aware from Professor Godson's interview that to his knowledge and belief, this had absolutely nothing to do with diversion of Iran arms sales' funds to the Contras. Professor Godson is very concerned about any dissemination of information that might jeopardize the sensitive, delicate position of the recipient of these funds. He assumes and expects that the Committee's questions to him on this subject will reflect that it shares his concerns.

As to Switzerland, from Professor Godsons' interview, the Committee is aware that to the best of Professor Godson's knowledge and belief, he was not involved in any activities that relate to the policies identified by the Chairman in his August 19, 1987 Report. He will not object to appropriately tailored questions that seek to have his best recollections placed under oath. Open-ended questions that go beyond whether his educational activities did relate to the policies as described by the Chairman and which seek details of his activities in Switzerland, activities having no relationship to these policies would, of course, be inappropriate.

I assume that the Committee agrees with the general ground rules and understandings set forth in this letter. If not, please advise me by the close of business on Wednesday, Septmber 9, 1987, in order to try to work out misunderstandings before the deposition.

Sincerely,

Earl Silbert

Earl J. Silbert

EJS/ab

Rcd US 9/9

LEE H. HAMILTON, INDIANA, CHAIRMAN
DANTE B. FASCELL, FLORIDA, VICE CHAIRMAN
THOMAS S. FOLEY, WASHINGTON
PETER W. RODINO, JR., NEW JERSEY
JACK BROOKS, TEXAS
LOUIS STOKES, OHIO
LES ASPIN, WISCONSIN
EDWARD P. BOLAND, MASSACHUSETTS
ED JENKINS, GEORGIA

JOHN W. NIELDS, JR., CHIEF COUNSEL
W. NEIL EGGLESTON, DEPUTY CHIEF COUNSEL
CASEY MILLER, STAFF DIRECTOR

U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

DICK CHENEY, WYOMING
WM. S. BROOMFIELD, MICHIGAN
HENRY J. HYDE, ILLINOIS
JIM COURTER, NEW JERSEY
BILL McCOLLUM, FLORIDA
MICHAEL DeWINE, OHIO

THOMAS R. SMEETON, MINORITY STAFF DIRECTOR
GEORGE VAN CLEVE, CHIEF MINORITY COUNSEL
RICHARD LEON, DEPUTY CHIEF MINORITY COUNSEL

September 9, 1987

DEPOSITION
EXHIBIT
1B

Earl J. Silbert, Esq.
Schwalb, Donnenfeld, Bray & Silbert
Suite 300 East
1025 Thomas Jefferson Street, NW
Washington, DC 20007

RE: Deposition of Roy Godson

Dear Mr. Silbert:

I have received your letter of September 8, 1987, concerning the deposition of Roy Godson.

I do not agree with many of your statements about the prior interview of Mr. Godson or about our discussion of the scope of tomorrow's deposition, but I do not see any purpose to be served by arguing about our differences. For your information, the scope of the deposition will be defined by the subject matters of the investigation set forth in House Resolution 12 establishing the House Select Committee. A copy of that resolution is enclosed for your convenience.

The deposition tomorrow will begin at 9 a.m. in Room B-336 of the Rayburn House Office Building. The deposition and transcript will be classified "TOP SECRET."

Very truly yours,

Thomas Fryman

Thomas Fryman
Staff Counsel

Enclosure

cc: Hon. Lee H. Hamilton
John W. Nields, Jr., Esq.

Washington Report

CONGRESSMAN LEE HAMILTON
9th DISTRICT, INDIANA

DEPOSITION EXHIBIT
1C

VOL. XXII NO. 33 AUGUST 19, 1987

THE IRAN/CONTRA HEARINGS: QUESTIONS AND ANSWERS

The end of the public hearings phase of the Iran/contra investigation is an appropriate time to respond to some of the most frequently asked questions about the hearings.

WHY WERE THE HEARINGS HELD? The hearings were held because in the course of the conduct of the government's business something went seriously wrong. Two policies led to the inquiry: The arms sales to Iran, and the diversion of funds from those sales to the Nicaraguan contras. The first began with a document the President forgot, and the second began without his knowledge. The President's decision to sell arms secretly to Iran contradicted the long-held, widely supported public policy of the United States to make no concessions to terrorists, to remain neutral in the Persian Gulf War, and to stop the flow of arms to Iran. By selling arms to a nation officially designated by our government as a terrorist state, major damage was done to U.S. credibility, and President Reagan was catapulted into the most serious policy crisis of his presidency.

WHAT WAS THE CENTRAL ISSUE OF THE HEARINGS? The central question before the House and Senate select committees has been: Can our constitutional system of shared powers between the Congress and the President be made to work in the formulation and implementation of foreign policy in a dangerous world?

WHY DID THE COMMITTEES HOLD PUBLIC HEARINGS? The committees were created to serve as fact-finding panels and to investigate process failures. The Congress gets information principally through holding hearings. Although the committees obtained large amounts of evidence through staff work and private depositions, open hearings were held to contribute to the public understanding of these events and the workings of our system of government. Extremely complex facts had to be analyzed and testimony drawn out of witnesses who often were uncooperative. Because the task of the committees was to inform rather than prosecute, strict courtroom rules of evidence did not apply, witnesses could be forced to testify if granted limited immunity, and witnesses could consult lawyers before answering questions.

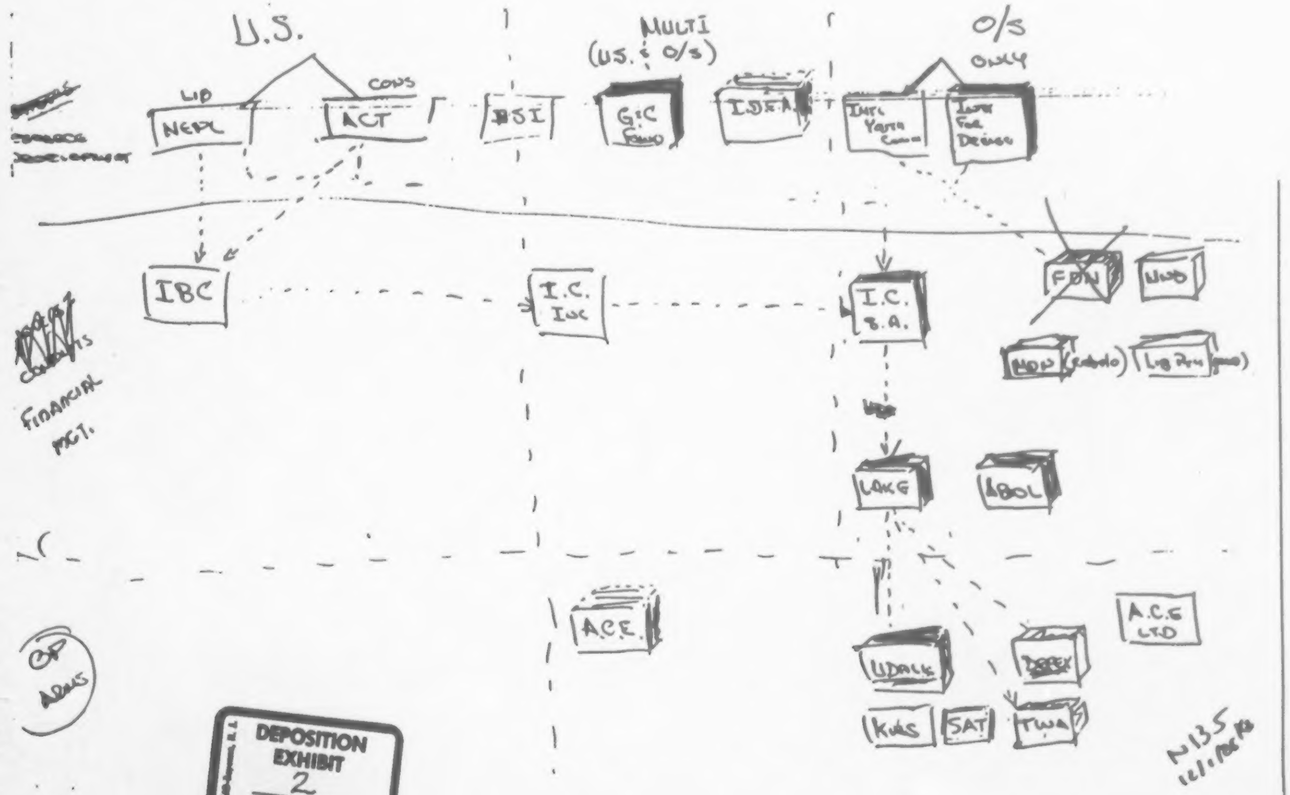
WHAT WERE THE MAJOR CONCLUSIONS OF THE HEARINGS? The committees found no "smoking gun" evidence that President Reagan was involved in wrongdoing such as engaging in a cover-up or approving the diversion of arms sales money to the contras. They did show that he allowed his aides to carry out secret policies with little supervision. The hearings reveales several problems with the particular means chosen by the Administration to try to achieve its worthy goals of freeing the hostages and seeking democracy in Nicaragua: First, there was too little accountability for decisions and actions taken in the name of elected officials. A small number of officials made policy outside the democratic process. Second, there was too much secrecy and deception in government. Crucial information was withheld from the Congress, from important allies, and from the American people. The Secretaries of Defense and State, and even the President were not informed of major foreign policy initiatives, and were supplied misleading information. Third, too often intelligence estimates were used as a tool to make policy look good, rather than as a tool for making good policy. Fourth, there was too much reliance on private citizens and foreign governments to carry out American policy. Fifth, covert actions should always be used to supplement, not to contradict, our foreign policy. They should not be used to impose a foreign policy that the American people do not support. Finally, the Constitution gives important foreign policy-making powers to both the President and the Congress. Our foreign policy cannot succeed unless they work together and trust one another.

WHAT DID THE HEARINGS ACCOMPLISH? I view the hearings as an essential part of the self-cleansing process of our system of government. Because of the hearings, we can see more clearly what needs to be done to make our system work better. I am encouraged by the President's steps so far, including changing White House personnel, prohibiting National Security Council members from undertaking covert actions, and promising to report covert actions to Congress promptly. Also encouraging is the cooperation shown between the President and the Congress in the recent Central American peace effort. The hearings should have a lasting impact on the decision-making process, acting as a deterrent to short-cutting the system. My guess is that it will be a long time before a national security advisor makes a major foreign policy decision without informing the President, as Admiral Poindexter did.

WHAT KEY QUESTIONS REMAIN? Among the unresolved questions are: Does the $13 million in proceeds from the arms sales belong to the U.S. government or private businessmen? Was there a cover-up in November 1986 when these events began unraveling? What was the extent of third country involvement? What did the President really know? Why did he agree to sell arms to Iran? What created the climate in the White House that led aides to believe secrecy and short-cuts were permitted? What role did CIA director Casey play? The committees will not attempt to resolve all the contradictions in the testimony. The independent counsel appointed by President Reagan is deciding whether criminal actions should be brought against any of the participants. The CIA is investigating whether any of its employees violated the law.

WILL THE COMMITTEES RECOMMEND LEGISLATION? Overall, my sense is that the solution to the problems revealed in the hearings lies less in new structures or new laws than in proper attitudes. Although some recommendations will be made, the committees did not design their work to develop legislation. Fundamentally, what we have to do is to return to the constitutional and traditional ways of making decisions.

HOW MUCH DID THE HEARINGS COST? Although various efforts were taken to minimize costs, such as holding joint House-Senate hearings and borrowing committee and agency staff, the cost of the congressional investigation will be some $4 million, including substantial costs for security. The committees have heard 250 hours of public testimony, and have examined well over 200,000 documents. The committees will complete their report by October, and then go out of existence.


U.S.
LIP
CONS
NEPL
ACT
BSI
MULTI
(U.S. & O/S)
G&C
I.D.E.A.
O/S
ONLY
Intl Youth
Inst for Devel
IBC
I.C. Inc
I.C. S.A.
FDN
NWO
MDP
Log Pro
FINANCIAL MGT.
LOKG
ABOL
A.C.E.
UDALK
A.C.E. LTD
KIAS
SAT
TWA
OP ADMS
N135
121.126

DEPOSITION
EXHIBIT
2

International Youth Year Commissio

1522 K St., N.W. Suite 620 • Washington, D.C. 20005 • (202) 682-9040 • Telex 440636 USYC UI

Floyd G. Brown
Director

IYYC
Jamaica

July 24, 1984

DEPOSITION
EXHIBIT
3

The Honorable Michael Armacost
Under Secretary for Political Affairs
United States Department of State
22nd & C Street
Washington, D.C. 20520

Dear Mr. Under Secretary:

As the Chairman of the Governing Board of Trustees of the United States International Youth Year Commission, I am writing to express my personal concern over the pending developments involving the International Youth Conference scheduled for Kingston, Jamaica in April of 1985. This conference, primarily supported by the United States government, has taken on the appearance of becoming yet another forum for anti-democractic leftist operating under the guise of balanced representation. Accordingly, I have called an emergency meeting of the Governing Board of Trustees of the United States International Youth Year Commission for Tuesday, August 7, 1984, to review what role, if any, the youth of the United States will take at this conference.

I hold grave reservations over the direction and scope of the youth conference. At this time, there appears to be a systematic attempt to exclude from the structural management of this conference the youth members of the major ruling Parties in the Western democracies. Your office, Mr. Under Secretary, specifically excluded youth leaders with ties to the Reagan Administration from the list of potential members of the Secretariat for the conference that was sent to the Jamaican government. Names of youth leaders from the governments of Margaret Thatcher and Helmut Kohl have been ignored, the youth leaders from the governments of Chiang Ching-kuo and Chun Doo Hwan have been specifically excluded. But most importantly, it is your office and the National Strategy Information Center, under the direction of Dr. Roy Godson, that is making all of the major decisions on behalf of the international democratic youth.

Mr. Under Secretary, this is completely unacceptable. Dr. Roy Godson does not report to the United States International Youth Year Commission, yet he recommends to the Jamaican government the youth to serve on their Secretariat. He holds a dinner meeting in Washington, D.C. for the Chairman of the Jamaican conference, yet fails to inform, much less invite, representatives of the International Youth Year Commission who support the Reagan Administration. Mr. Under Secretary, this is not fairness nor is it balance for the development of an international youth conference on democracy.

The United States International Youth Year Commission, Inc. is the official body recognized by President Reagan and the United States government for the purpose of representing and coordinating all U.S. IYY activities. We currently maintain a membership of 173 national and regional youth and youth serving organizations representing over 50 million young people.

DESIGNATED BY THE U.S. GOVERNMENT AS
THE OFFICIAL NON-GOVERNMENTAL COORDINATING ORGANIZATION FOR INTERNATIONAL YOUTH YEAR

We work hard to reach balance and accomdation in all of our activities. The utter lack of balance between stated goals and the resulting action in the development of the Jamaican Secretariat is completely contrary to the lofty ideals we have established, and met, for ourselves.

The Jamaican Secretariat is proposed to consist of 18 members, nine Jamaicans and nine youth from the democratic regions around the world. The United States International Youth Year Commission is not allowed to choose its own representative to that board, Dr. Roy Godson has made that decision. Similar non-democratic pratices have excluded conservative European, Central American, African, Australian, and Asian youth from serving on that Secretariat.

I cannot allow my organization to serve as a tool of this government, or Dr. Godson. The current action is nothing but meddling in our internal affairs. The membership of the United States International Youth Year Commission will not places its credibility in the hands of those who choose not to inform us of their actions. We will participate as full partners in any process, but not as puppets.

If the Jamaican conference is to be a propaganda tool for those who do not represent the prevailing philosophies of the majority of the democratically elected governments in this world, then perhaps little reason exists for U.S. participation or financial support.

Mr. Under Secretary, I wish to be clear: there is no desire to overturn the proposed members of the Secretariat, nor do I wish to "run" the conference. However, if I am to recommend to my membership further participation, if we are to "support" this conference in every sense of the word, then changes must be made. Balance between the Left and the Right is a must, but more importantly, this must be a conference of youth, by youth and for youth if it is to suceed. The officers and agents of government are welcome for their advice, but not to select (or be) our leaders.

If you desire additional information, please be assured that I am available at your convience. I look forward to your reply.

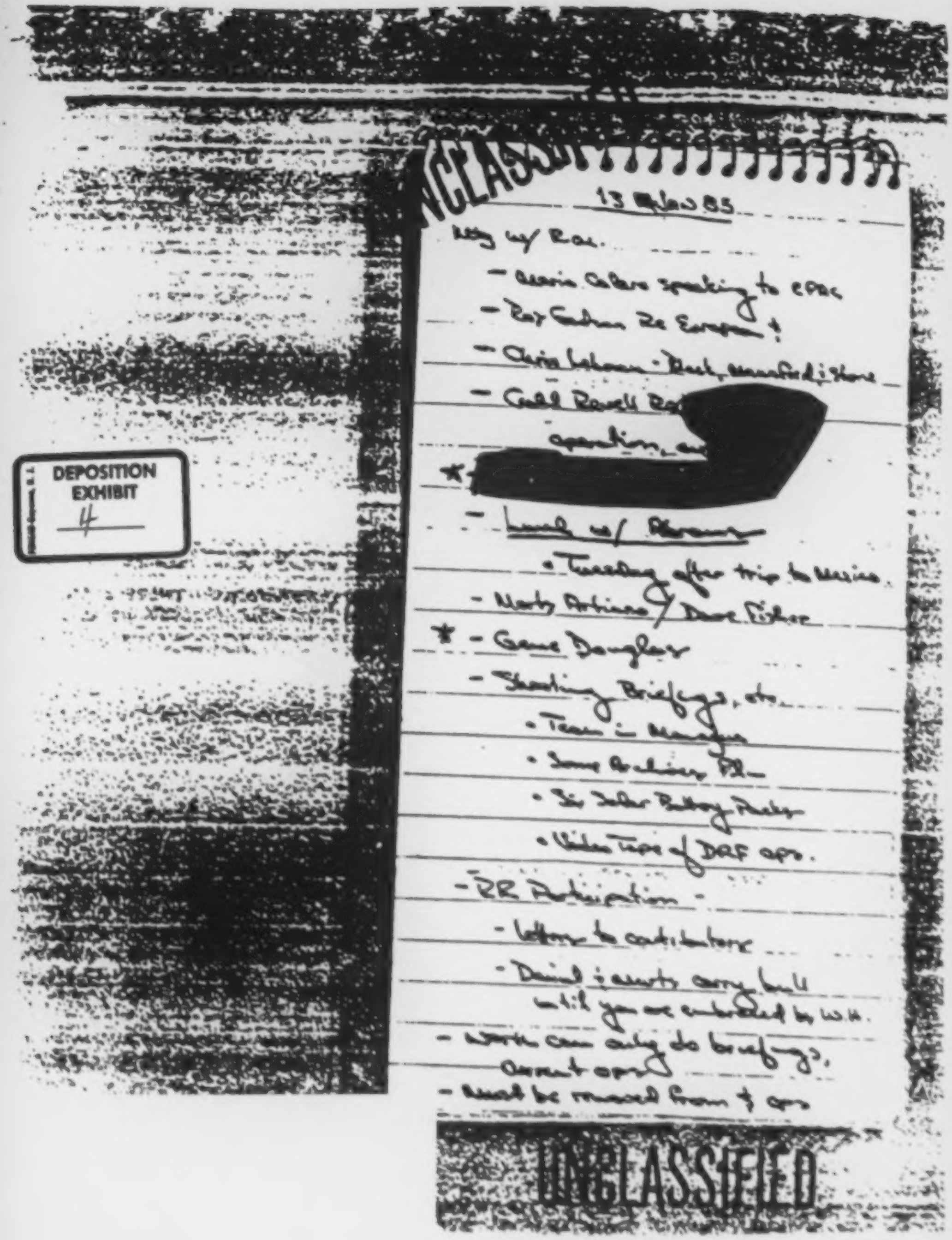
I am, most respectfully yours,

Daniel Cohen
Chairman
Governing Board of Trustees

cc: The Honorable Jeane Kirkpatrick, Gregory J. Newell, Robert McFarland, Faith Whittlesey, Governing Board of Trustees.

DLC:kh

BCC: Roy Godson from Floyd Brown
Thought you should see this immediately!



UNCLASSIFIED

DEPOSITION EXHIBIT
4

13 Feb 85

Mtg w/ Rac.
- Adolfo Calero speaking to CPAC
- Roy Cohn Re Europe !
- Chris Lehman - Black, Manafort & Stone
- Call Revell Re [redacted]
  operation, a
- *
- Lunch w/ [illegible]
  - Tuesday after trip to Miami.
- Marty Artiano / Dave Fischer
- * - Gene Douglas
- Shooting Briefings, etc.
  - Team — Managua
  - Some Archives, PR
  - Sir John [illegible]
  - Video Tape of DRF ops.
- RR Participation -
  - letters to contributors
  - Dinner & awards carry ball
    until you are embraced by W.H.
- North can only do briefings,
  cannot ops
- Must be removed from ops

UNCLASSIFIED

Partially Declassified/Released on 27 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

17 Sep 85

Call from Alex

Calero: patient, plan to
amend [illegible]
Please [illegible] need to
emphasize UNO
[illegible]

- send/exchange/visitors from
other elements
FARN
MISURA

- Baldizon Wolf
Sandra Arturo
Fred Alfonso
Fern

- Smith Richardson foundation -
for UNO office
- Jeane Kirkpatrick

(2433)

Of Plymouth Plantation
William Bradford

Season - to ship [illegible]

UNO is very important

UNCLASSIFIED

DEPOSITION EXHIBIT 5

EXHIBIT OLN-234

UNCLASSIFIE

DEPOSITION
EXHIBIT
6

7 Jan

[redacted]

8 Jan

> Public Diplomacy -

- Buchanan -
  N.B.C. -
  Roy Godson -
  Scaife -
- Letter from Pres. to Group re Public Diplomacy effort.
- Call Miller re Godson.

MEMORANDUM

UNCLASSIFIED

6028

N 33440

6195

NATIONAL SECURITY COUNCIL

DEPOSITION EXHIBIT 7

INFORMATION

August 29, 1983

EXHIBIT GPS-71

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Outreach

As you are aware, I continue to get a number of proposals dealing with how we can generate a private sector program to support the President on Central America. A refinement of an earlier proposal from Roger Chapin is attached at Tab II. Chapin had earlier communicated with the Judge. I have sent this to Tony Motley.

Bill Casey called on August 26 and would like to follow up on his idea to have a meeting with five or six key public relations specialists. This is referred to in my earlier memorandum. I put him off until after Labor Day.

I think you are right about deflecting this to State. I believe that it is, however, going to be quite time consuming, even recognizing that the work done within the Administration has to, by definition, be at arms length. The more I reflect on Gil Robinson's probable move into State as Shultz's public diplomacy coordinator, the more I think he could be the glue to put this sort of public-private relationship together. He has done this sort of thing before. He has public relations experience, knows how to operate behind the scenes, has the political connections, and lastly, will be in the right place: The Department of State. I do not think it is overlapping with Motley or Reich. They will be plenty busy doing their regular jobs and will benefit from what Gil could do. You might want to touch on this with the Judge. When I philosophized a bit with Bill Casey (in an effort to get him out of the loop), he was negative about turning the ball over to State, but very positive about someone like Gil Robinson working on the problem from within State.

Attachments

Tab I My memo, same subj, Aug 9, 83
II Chapin memos, Aug 22 & 19, 83

1210

[redacted] Released on 22 June 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

UNCLASSIFIED

WR, CHRON, Box 6
R, FBI
4/7/87

MEMORANDUM UNCLASSIFIED 5559

INFORMATION NATIONAL SECURITY COUNCIL N 33441

August 9, 1983

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR.

SUBJECT: Private Sector Support for Central American Program

Several Administration supporters have identified steps which they believe are important to generating public opinion support for our policies in Central America. The various proposals call for the creation of a bipartisan coalition of concerned citizens to generate majority support for the President's policies. This requires detailed informational programs which highlight developments and realities in the region. It also requires programs which are designed to go beyond simply reaching the committed. We must move out into the middle sector of the American public and draw them into the "support" column. A second package of proposals deal with means to market the issue, largely considering steps utilizing public relations specialists--or similar professionals--to help transmit the message.

A quick review of proposals which are known to me include:

-- A group of public relations specialists met with Bill Casey a few days ago. Faith also met them. The group included Bill Greener, the public affairs head at Philip Morris and two or three others. They "stated" what needed to be done to generate a nation-wide campaign. Several elements were identified. The first, a fund-raising effort under the direction of someone like Walter Wriston. Secondly, an effective communications system inside the Government. The overall purpose would be to sell a "new product"--Central America--by generating interest across-the-spectrum.

-- A group including Charlie Wick, Faith, myself, Alan Bell (Public Relations) and Tom Korologos (Lobbyist) met to discuss how to get the story out into the countryside. In addition, to traditional speaking tours by USG officials, Presidential statements, etc, the Korologos-Bell proposals focussed on the hiring of a public relations firm. They recommended Ron Nessen. Nessen has subsequently presented a proposal.

-- Faith subsequently advised Charlie Wick that she has the prospect of funding from the Mellon-Scaife organization (Terry Slease). Slease wants Tom Cantrell, currently number two in congressional relations in the Department of Energy, to run the program. This would rule Nessen out. Slease also speaks of a $1000 per plate fund raiser to get the activity

UNCLASSIFIED

N 33442

going. It is not clear whether Cantrell's role is as fund-raiser or as a political activist. Nor is it clear whether the goal is an "American Coalition" or simply a pressure group. It sounds like an expanded "Outreach Group."

-- Roy Godson and I have discussed this and we are concerned that efforts undertaken by Faith's office tend to be confined to preaching to the converted. We recommended funding via Freedom House or some other structure that has credibility in the political center. Wick, via Murdoch, may be able to draw down added funds for this effort. Ron Nessen, or the Wagner-Baroody firm recommended by Cliff White, could be hired by Freedom House.

-- Dan James. He has the support of Jeane Kirkpatrick, Leo Cherne, Al Burkholder and others. He has submitted a paper which spells out the parameters of the problem. He also wants to include Latin Americans in the activity. His proposal calls for the creation of a bipartisan Americas Coalition. He believes he can get funding from Ross Perot, Clem Stone and others. Evidently Anne Armstrong will make calls for him. James would like to have a fund raising dinner in which Jeane Kirkpartrick has reportedly agreed to be a key note speaker. James is a good publicist but not a particularly good organizer. His role would be in support of a larger effort.

-- Roger Chapin. He has a similar proposal for a group called Stand Tall America which would generate public knowledge and understanding of the Central American program. Chapin is untested on foreign policy issues although he has a track record of generating public support for causes. He believes the first issue is clarifying the message, examining marketing techniques and then generating a broad popular support base. He would play a support role. Chapin adds that he thinks the only way to mobilize the American people is to make it clear that the Central American issue is a threat because of the Russian involvement.

-- Les Lenkovsky (Smith-Richardson Foundation) believes that we need to create the equivalent of a "Coalition for the Present Danger" to generate public support. Tom Korologos, in a private conversation, said what one needed to do was to identify a competent activist who would take on the organizational job--this includes principally fund raising, public relations/packaging, substantive input. He said someone like a Bill Greener or a Tom Cantrell might serve. Ultimately, we would want to flesh out the committee to make it suitably non-partisan. Several of the names we considered for the Central American Commission would be very constructive participants.

The above discussion identifies several issues. I think there is consensus that we should strive for the creation of a

UNCLASSIFIED

genuinely bipartisan, centrist structure to generate public support around the issue of Central America. If we agree that we will set up a committee and select an activist to put the thing together most other issues fall in line: fund raising, marketing, substantive input. Many of the people above could play a role within the structure. A central office in the USG should be identified on the principal point with this outside, independent group. This could be the NSC, the White House (Whittlesey) or Otto Reich as Central American public diplomacy coordinator. While it is possible for Faith to be the point of contact, her mandate makes it difficult for her to deal with the media and the Congress, two of the principal audiences for this effort. This might argue for keeping the contact within the public diplomacy context where substantive support could be supplied, as requested.

We need an organizer. I would like to lead with our silver bullet. I recommend that Peter Dailey be asked to put the group together (spend one month) and turn it over to an outside coordinator, such as Bill Greener (or Cantrell).

Coordination: Bob Sims

ORIGINAL

UNCLASSIFIED HSITS - 172 /87

DEPOSITION OF WILLIAM T. GOLDEN

Wednesday, May 6, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of WILLIAM T. GOLDEN, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 11:14 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

4163

Partially Declassified/Released on 1-7-88
under provisions of E.O. 12356
by N. Menan, National Security Council

UNCLASSIFIED

COPY NO. 1A OF 1 COPIES

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

JOHN SAXON, ESQ.
Associate Counsel
CLARENCE H. ALBRIGHT, JR., ESQ.
Associate Counsel

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

JOSEPH P. SABA, ESQ.

On behalf of the Department of the Army:

ROBERT WINCHESTER, ESQ.
Special Assistant to the Secretary of the Army for Legislative Affairs
COLONEL JOHN WALLACE

UNCLASSIFIED

CONTENTS

WITNESS	EXAMINATION ON BEHALF OF SENATE	HOUSE
William T. Golden		
By Mr. Saxon	4	
By Mr. Albright	28	
By Mr. Saxon	29	
By Mr. Albright	39	
By Mr. Saba		59
By Mr. Saxon	60	
By Mr. Albright	62	
By Mr. Saxon	62	
By Mr. Albright	62	
By Mr. Saba		63
By Mr. Saxon	64	
By Mr. Saba		65
By Mr. Saxon	66	
By Mr. Saba		66
By Mr. Saxon	66	

EXHIBITS

GOLDEN EXHIBIT NUMBER	FOR IDENTIFICATION
1	60

UNCLASSIFIED

PROCEEDINGS

Whereupon,

WILLIAM T. GOLDEN,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SAXON:

Q Mr. Golden, state your full name for us, please, sir?

A William Thomas Golden.

Q And what is your address?

A [redacted]

Q You are a retired Army warrant officer; is that correct?

A Yes, that's correct.

Q What do you do now?

A I am a civilian employee of the Department of the Army at Ft. Huachuca, Arizona.

Q Tell us, if you would, about what we have come to know as YELLOW FRUIT. If you would, start just with the beginning of your involvement and then, if necessary, back up with the history of YELLOW FRUIT.

A Okay. In July of 1983 I was serving in the American Embassay in Managua, Nicaragua, as the Assistant

UNCLASSIFIED

Army Attache. I was assigned from there to a project called YELLOW FRUIT under the cover of Business Security International in Annandale, Virginia.

YELLOW FRUIT was an organization that was set up to provide operational security [redacted]

Q And what was your position to be? Were you hired to work for BSI?

A [redacted]

Q If you would, tell us what you know to be the origin and genesis of YELLOW FRUIT prior to your involvement.

A As I understand it, YELLOW FRUIT was created by the Department of the Army, like I say, to support these clandestine operations.

[redacted]

UNCLASSIFIED

Page 7

DENIED IN

TOTAL

UNCLASSIFIED

[redacted]

Q You had some involvement, though, I believe, with something called SEA SPRAY?

[redacted]

A [redacted]

Q Tell us about Colonel Dale Duncan.

A Colonel Dale Duncan was the project manager of YELLOW FRUIT. I believe he is the person who prepared the position paper that created YELLOW FRUIT. He was an Army intelligence major at the time. I think he was promoted to Lieutenant Colonel in August of 1983. Colonel Duncan was project manager, like I say, of YELLOW FRUIT when I came on board in the organization.

Colonel Duncan ran Business Security International. It has just been established in Annandale, Virginia. I worked directly for Colonel Duncan. When I arrived in August of 1983, one of the first jobs that I was given was to establish accountability for covert funds that had been advanced to individuals and had been expended by the organization during the time it was created.

During my audit of those funds I discovered what I believed to be irregularities in financial management. I discovered that there was some large-scale fraud on the part of Colonel Duncan and possibly other members of the organization.

Q We'll come back in a moment to the particulars of what you discovered and how that played out. Let me ask you to give us a brief description along similar lines of Lieutenant Colonel Frederick Bayard.

[redacted]

UNCLASSIFIED

Pages 11 and 12

DENIED IN

TOTAL

UNCLASSIFIED

[redacted]

THE WITNESS: Initially the money was in the form of what we call, I believe, a MIPR. It's just a piece of paper that has a series of numbers. It's called a fund citation in the Army.

BY MR. SAXON: (Resuming)

Q MIPR is an acronym for --

A I honestly don't know what the acronym means. It's like a check, basically, in the Army.

COLONEL WALLACE: It's a Military Interdepartmental Purchase Request.

THE WITNESS: Okay. It's a strange name, I know, but it's just a piece of paper and it is recognized in all the military departments. In other words, if you are doing a project, you are a project manager and they send you money to do your project, that's the form it comes in in the white world, in the real Army.

[redacted]

UNCLASSIFIED

Pages 15 to 19

DENIED IN

TOTAL

UNCLASSIFIED

[redacted]

Q Let's get into that now, then. Give us the exact sequence of how the investigation got started. You say it was triggered by the annual audit that was to be done of BSI?

A It wasn't really triggered by that. That was a part of it. The morning of the audit Colonel Duncan had never turned in any vouchers to me. Everyone else in the organization had. He didn't want to turn them in to me for some reason. I couldn't figure out why. On the morning of the audit he did present me with some receipts.

Q This would have been when?

A This was on -- I believe it was sometime in August.

Q Of 1983?

A No. It was on the first of September, I believe, somewhere around that time frame.

The receipts that he turned in to me did not appear to be authentic, and so once the audit failed Colonel Duncan, Mr. Patterson and their wives went to Europe on what they told me was a vacation. And after they had departed I had paid an American Express bill that was set up for government use for $9,600 in plane tickets, which the receipts had been taken out of the envelope and I had no idea what the bill was I was paying.

So I got in touch with American Express and found out where the money had gone to, and it was a travel agency over in Maryland, and I started tracking down the receipts for that expenditure because I needed that for the audit.

And what I found was that Colonel Duncan had paid for he, his wife, Mr. Patterson and Mr. Patterson's wife's vacation to Europe out of U. S. Government funds. So then I started looking at the receipts that Colonel Duncan had turned in to me, and started calling the companies these receipts were from. One of them was for

$33,000, the other was for $56,000 for supposedly purchases of equipment.

And what I found is the receipts were bogus. They were fabricated receipts basically. So at that point I prepared a memorandum for Colonel Bayard, who was in charge during Colonel Duncan's absence, stating what I had found and what I believed to be gross financial misconduct on the part of Colonel Duncan, turned it over to Colonel Bayard, who went to Colonel Longhofer, and Colonel Longhofer asked me if I would do an investigation of Colonel Duncan since I was most familiar with the funds at that time.

I said I would only do that if he would be willing to provide a letter appointing me as an investigating officer because I worked for Colonel Duncan. He was my senior officer, and if I'm going to go an investigation of him as an investigator I wanted it in writing.

So Longhofer agreed to do that. He gave me the letter appointing me as an investigator. I did what I could do between that time and the time Colonel Duncan was to return from Europe, which was September 17, and I provided Colonel Longhofer with a preliminary report of investigation stating what my findings were and what should be properly investigated by the CID Command.

What eventually happened is that when Colonel Duncan came back off his vacation in Europe he was not placed under administrative leave or anything. He was given full access to the BSI offices just as if nothing had happened. He had access to all the evidentiary material that I had stored there, and then I believe on the 21st or 22nd of September Colonel Longhofer called a meeting at CIA headquarters with Colonel Duncan, himself, Bayard, Patterson and myself where he confronted Duncan with the allegations that I had made and stated that there was going to be an investigation.

He was going to appoint Pisen to do the investigation, and he was going to appoint Mr. Patterson to do an investigative audit of the office, which I objected to because I said Patterson's involved in this because he's gone to Europe at government expense and he's part of the investigation. But Patterson said well, I'll pay the money back and that seemed to satisfy Longhofer that that was okay.

So Patterson did his thing at the office there and turned it over to Colonel Longhofer. Then I got a call from Colonel Longhofer saying go home, don't ever come back to the offices again; we'll call you, don't call us type thing.

So myself and Mr. Belcher were fired, sent home, told to do nothing basically.

MR. SABA: Excuse me if I interrupt. So it's clear, when you say you were fired, do you mean that you were told not to go to the BSI offices?

THE WITNESS: I was told to go home and do absolutely nothing, that I would be called at the right time. So I sat home until my birthday, which was the 14th of October. I remember it very clearly. I got a call from Darlene Rush. She said Colonel Duncan is back; he's in command. He's been placed back in command and you are to show up on Monday morning with your keys to the office, any credit cards you might have -- that type of thing.

So there was a meeting at 1:00 on Monday, the 17th of October. Well, we all showed up and Colonel Duncan stood up and said I have been vindicated of all the allegations made against me and I am now back in command and certain people are going to be fired immediately and the operation is going to be phased out because of all the exposure the unit has had.

And I was the first on his list. And I went in and he said you've got until the first of November to find a job someplace; otherwise I will report you excess to the military personnel center and you will just get an assignment, whatever shakes out. And the same thing with

Mr. Belcher. He was a contract employee and they terminated him right on the spot.

And so I went home and made contact with the FBI and initially they thought I was a nut and they put me in their crank file at the FBI because they had never heard of anything like this before. And I eventually had to get hold of an old friend of mine in the FBI in Albuquerque who knew me very well to vouch for me before they would even talk to me.

So I laid all of this out. I kept copies of most of this stuff and I laid it out for the FBI, which they thought was absolutely incredible. I talked to Ted Greenberg, who was the Assistant U.S. Attorney.

BY MR. SAXON: (Resuming)

Q Is that in the Eastern District of Virginia?

A Yes. And then I made contact with Major Ed Frothingham, who was the Staff Judge Advocate at INSCOM, and laid all of this on him. And so what eventually happened is that myself and Mr. Belcher and some of the other people who knew the misconduct that had taken place and that there had been a coverup, they came forth to INSCOM and provided sworn statements on what they knew.

Q That would be you, Belcher, Pisen and Kane?

A I believe so, yes. And eventually there was what I believe they call a 15-6 investigation by General

Peters, who was an Army General, and then he recommended that there be a further investigation, I believe. I don't recall exactly the terminology that it was, but all the people that were accused of wrongdoing that had been substantiated, they were placed on administrative leave and an investigation ensued after that.

Q And to your knowledge what ultimately happened to these individuals?

A What ultimately happened was that Colonel Duncan was indicted by a Federal grand jury on some of the charges. Ted Greenberg didn't want to try Colonel Duncan on everything because there was a lot of classified information going to be involved in the trial, so he indicted him on some other charges.

Q Dealing with financial irregularity?

A Yes. It was fraud. And then once that happened Colonel Duncan turned around and sued myself, Belcher and Pisen for just a variety of things. He claimed that we had bugged his house, we had illegally surveilled him, we had done just a number of things. And that went on for quite some time.

In the meantime Colonel Duncan went to trial, was convicted in Federal Court, got three years in prison for his crimes. But the law suit kept going. He had sued the Army as well. On the day of trial he dropped all of his claims against the individuals -- myself, Belcher and Pisen -- but maintained his suit against the Army.

And the way that it turned out, the defense, our defense, never got presented because at the end of their presentation the judge said there wasn't enough evidence for the defense to even put on anything, so he just threw the whole thing out. So that's what happened there.

Then eventually Colonel Longhofer went to trial and was convicted of obstruction of justice and a variety of other crimes and was sentenced initially to two years at hard labor at Ft. Leavenworth, fined $24,000, and a letter of reprimand, what have you.

Q Did anything happen to Mr. Patterson?

A Nothing happened to Patterson at all. Eventually Colonel Bayard was court-martialed for financial misconduct. He was convicted. I believe he was given 18 months in prison and a substantial fine. I think it was $50,000-something. And then eventually three years later Colonel Duncan was court-martialed on, I think it was, 24 felonies. He was convicted of 23 and he was sentenced to ten years at hard labor, fined over $500,000, and given the equivalent of a dishonorable discharge. For an officer that's called a dismissal from the service.

Of course, he's appealed all of these things, with some success, on the criminal side, as I understand, in Federal court.

MR. SAXON: Let's go off the record a minute.

(A discussion was held off the record.)

BY MR. ALBRIGHT:

Q Did Colonel Longhofer do any traveling while Duncan and Patterson were in Europe when you were conducting your initial investigation?

A Yes, he did. I think it was two days before Colonel Duncan and Patterson were scheduled to come back to the U.S. I found out that Colonel Longhofer got on an airplane and flew and met them in Berlin that night and turned around and flew back to Washington the next morning.

Q That would have been approximately 16 November; is that correct?

A He left on -- I believe he left on the evening of the 15th of September, flew to Berlin, met Patterson and Duncan, and came back on a different airplane the same day that Duncan and Patterson came back. He got back about two hours before Duncan and Patterson.

Q Do you know why he made that trip?

A I don't know for sure why he made that trip, but I know that Colonel Duncan and Patterson smelled a rat when they came back. They knew that something was up. So I suspect he flew over and told them what was going on.

Q But you have no independent evidence of that?

A No.

Q Just so the record is clear, the terms [redacted] and SEA SPRAY are classified terms; is that correct?

A The term SEA SPRAY is no longer classified. [redacted]

MR. SAXON: Off the record.

(A discussion was held off the record.)

BY MR. SAXON: (Resuming)

Q Mr. Golden, it is my understanding that the words SEA SPRAY and ISA by themselves are not classified, but when given some description of what those operations and activities involve there is a classification and sensitivity level; is that correct?

A Yes. It's Top Secret-SI -- TS/SI -- when the description is given.

Q I believe you had provided a statement to Army CID that talks about a particular concept paper you recall having read at the time that you were employed by BSI and a part of the YELLOW FRUIT operation; is that correct?

A Yes, that's correct.

Q What triggered having your recollection refreshed on that issue?

A Well, I had mentioned this before back in 1983, I believe, when I was talking with investigators then and with the U.S. Attorney. And basically what happened is I was called by a reporter from CBS News about a Swiss bank account.

Q Roughly when was this?

A Sometime around the first part of April.

Q Of this year?

A Yes. In fact, I received two calls in December of 1986. I received a call from a reporter from CBS News who asked me about YELLOW FRUIT and he wanted to know if there were any foreign bank accounts associated with YELLOW FRUIT, and I referred him to the Public Affairs Officer of the Army and I didn't answer any of his questions.

Q Was that individual Mr. Stringer?

A I don't believe I remember what his name was. I really don't remember who the guy was.

Q I'm sorry -- Mr. Rosenberg?

A It could have been and probably was. I just don't recall.

And then in April I got a call from Mr. Rosenberg of CBS News, and he told me that he had independent confirmation through a European source that there was a Swiss bank account that had General Secord, Lieutenant Colonel Oliver North, Mr. Patterson and myself as signators to the account, and again I referred him to the Army Public Affairs Officer.

And at the same time I called Major Frothingham, who is a lawyer in the Army, and apprised him of the situation. Then they asked me to come to Washington to talk about it and they wanted to know if there was a possibility that an account like that could have been established when I was a part of YELLOW FRUIT.

[redacted]

Q Okay. We'll come back to the bank accounts in a moment. One of those plans that you worked on I believe was a concept paper dealing with, among other things, possible diversion of equipment, supplies, arms to the contras from foreign military sales [redacted] is that correct?

A That's correct.

Q Tell us what you recall about that paper.

A Okay. There was a concept paper that was brought to the BSI offices by Colonel Longhofer, I believe. It could have been someone else, but for some reason I believe it was Colonel Longhofer and [redacted] who brought this to the BSI offices. It was a plan that BSI was going to support in the future. And it was in a little black binder. It was probably maybe 30 or 40 pages at most. It didn't have any letterhead stationery. It wasn't signed by anyone.

It talked to the fact that in the leadoff paragraph it stated that this plan was a contingency plan that would be implemented in the event that funding for the contras was cut off for any reason. It went on to talk about the possibilities of supplying the contras with support --

Q When you say cut-off, you mean by legislative act?

A The plan itself didn't say that, but that is what was talked about in the office was the Boland Amendment. Everybody was worried about the Boland Amendment. It was going to cut off funds for the contras and we would all be out of a job and how are we going to get around this thing.

Q And the Boland Amendment was mentioned by name?

A Yes, it was. But this plan talked about the various ways of supplying the contras indirectly, and one of the methods that was described was [redacted] military aid in some form or a military sales program of some type, and it talked to the fact that [redacted] could be padded with the materials and supplies for the contras, and then it would be given [redacted] with the understanding under the table that those items that had been padded would be given to the contras [redacted]

It also talked to a supply system that would require aviation assets and that an airfield would have to be constructed in order to support that operation. It talked about two possibilities.

Q Let's come back to the airfield in a moment. Do you have any idea why [redacted]

A I have no idea whatsoever.

Q Was there anything in the concept paper that would suggest [redacted] contacted or that this had been explored with [redacted]

A Yes, it was. I believe that that was the case. They had been picked because they were receptive or they would be willing to do this.

MR. SABA: Was the specific type of aid discussed?

THE WITNESS: It talked about uniforms. I remember that specifically. It talked about supplying uniforms [redacted] that would be turned over to the contras. There was a shopping list of items.

BY MR. SAXON: (Resuming)

Q Were there items on the shopping list that would have been lethal -- guns, ammunition?

A I just do not recall. There could have been, but I just don't know.

Q But it clearly would come under the heading of military equipment?

A Oh, yeah, absolutely.

Q Do you recall any dollar figures being used for either the total amount of the FMS sales [redacted] or that portion that would have been padded to be diverted to the contras?

A I don't recall. It seems like there was discussions of money in this plan, but I don't recall if it had dollar figures or not. It talked about who was going to pay for this and it talked about DOD picking up a big chunk of this, and it was going to be a hard point to sell at DOD, and some of it would be supplied by the Agency and it named various other groups that would supply money somehow to this thing.

Q Do you recall what any of those were?

A No, I sure don't.

Q Do you recall the names of any individuals in that concept paper who might have been party to putting it together or who would be necessary to actually implement it?

A I don't recall if there were any names like that or not. I know that agencies were named. There were names of individuals in the plan itself, but they were dealing primarily with the airfield.

Q When you say agencies were named, what do you mean?

A Well, like the CIA, Department of Defense, those types of things.

Q Was DSAA, Defense Security Assistance Agency, mentioned?

A It could have been, but I honestly just don't remember.

Q Was the Department of the Army specifically mentioned?

A It was mentioned in the context of supporting this plan, the YELLOW FRUIT operation [redacted]

Q Was there anything at the beginning -- anywhere in the plan but most likely at the beginning --

which gave any indication of its origin, such as "pursuant to discussions" or "as has been tasked" or "as has been requested", et cetera?

A I believe the best I can recall there was a draft Finding that was a part of this plan. I don't remember if it was an attachment or in the beginning it talked about a Finding.

Q By a Finding do you mean what we have come to think of as a Presidential Finding used in covert operations?

A Yes. I believe that's what it was talking about. I believe that's what it was, but I'm not 100 percent sure of that. I just remember the word Finding and there was either a draft Finding or there was talk about it in this plan.

Q How would you characterize the language in this concept paper?

A Well, my background in working with various intelligence agencies for 20 years, I recognize a DOD or an Army plan right off the bat because of the construction of it -- five-paragraph field order type construction. And all those plans are constructed the same way. This was not done in that way. It was done more in generalities. It was done in the type of thing that I've seen come out of the CIA. It was that type of plan, discussed things in general terms.

Q Would it be fair to say the inference you drew was that this was not prepared within DA?

A I don't believe it was prepared by Army people simply by the way that it was written and the involvement that we had with the CIA through [redacted] it was just a natural assumption on my part that it came from the CIA.

Q Did you ever ask anyone where this came from?

A No, I don't believe so.

Q Were countries [redacted] mentioned?

A I know Costa Rica was mentioned as a location for an airfield, that had been selected as the location for the airfield. It discussed Nicaragua, an [redacted]

Q By "this idea" we're talking about the proposed airfield now in Costa Rica or somewhere in Central America?

A That's correct.

Q All right. Tell us about that.

A It discussed the fact that this supply network would have to have aircraft support to deliver supplies, that type of thing, and it discussed the two potentials. [redacted] The other was down in Costa Rica. Now I didn't remember this name at the time when I was interviewed by CID, but I've seen the name John H~~a~~ull in the press since then, and I believe that is probably the name of the individual, because it was an American living in Costa Rica who owned this huge ranch, just tons of property, and that was the place that they were going to build this airport to run the supply network.

Q Was there a trip or trips made in terms of site selection?

A [redacted]

Q Do you have any idea what happened to this concept paper -- physically to the document itself?

A I don't know. I know when I left BSI it was in the safe. It was still there in the safe at BSI when I left.

Q And to your knowledge has it surfaced in the course of these many investigations?

A I personally have not seen it.

BY MR. ALBRIGHT: (Resuming)

Q I apologize if I missed this while I stepped out. But you said there was a Finding discussed. What time frame was the Finding discussed?

A This was like in August of 1983.

BY MR. SAXON: (Resuming)

Q It was a draft Finding, was it not?

A As best I can recall it was either a draft Finding or it talked about this Finding. None of these things were signed. I mean, there was nothing signed in that book. It was all just on bond paper.

Q But would it have been a proposed Finding that would be necessary for the President to sign in order to carry out this operation, or is it that the concept paper outlined a particular operation that could perhaps be done pursuant to an existing Finding?

A No. I think it had to have a Finding in order to do this and do it properly. See, every operation that I've ever been associated with in the 20-something years that I've been involved in the intelligence business I have never seen a signed Finding. They are always draft when you get them and you start building your plan of support based upon that Finding.

And so I personally have never seen a signed Finding ever. I've only seen draft Findings and that's how the plans come and you work on them assuming that Finding is going to be signed, and you never really know for sure if it is.

Q For the record, do you have any knowledge that this concept was ever implemented or that implementation was attempted?

A I believe implementation was attempted. At least the mechanisms were being put in place to do that, because they started surveying the airfield. I believe that an account was established or was in the process of being established when I left there to support that operation.

Q A financial account, bank account?

A Yes.

Q At some point shortly after reading this concept paper you were out of town on travel, after which you came back and there were some bank signature cards to sign. What can you tell us about that?

A [redacted]

UNCLASSIFIED

PAGE 41 thru 43

DENIED IN

TOTAL

UNCLASSIFIED

PAGE 42

DENIED IN
TOTAL

UNCLASSIFIED

PAGE 43

DENIED IN TOTAL

UNCLASSIFIED

[redacted]

THE WITNESS: No. I went to Dover, Delaware,

UNCLASSIFIED

where you register corporations. There's a street you go down there. There must be 500 lawyers on the street. It's got signs hanging out all over the place. You know, register your corporation here, $5, you know, for the paperwork -- that kind of stuff.

Okay. The lawyers over there, they are shysters. They are a dime a dozen. Everywhere you look, there's lawyers. And they will go down and do this stuff for you, you know, for $5, $10.

And so I went over to Delaware and I went down there and there was a line of people a mile long registering corporations. I mean, you know, shady-looking characters. And I didn't want to go in there with a badge and credentials and try to get the information on [redacted]

So I went down and found myself a lawyer on a corner and I paid him $20 and he went down and got microfiche of this company for me. I went to lunch, came back, and he had it for me. And then I brought that back and gave it to Duncan and these guys.

MR. SABA: Do you recall what information was on the microfiche?

THE WITNESS: I remember [redacted] [redacted] and some other person. I don't remember what the other guy's name was. It was another guy. It was a two-

UNCLASSIFIED

man corporation. Their assets was $100. There was one piece of paper in this file.

MR. SABA: Did you visit the offices [redacted] at that time?

THE WITNESS: No.

BY MR. SAXON: (Resuming)

Q [redacted]

Q After you left Delaware, where did you go?

A [redacted]

Q And when you came back what did you find waiting for you?

[redacted]

Q What else do you recall about the signature cards?

[redacted]

MR. SABA: Do you recall the country of domicile of any of those banks?

[redacted]

BY MR. SAXON: (Resuming)

Q You do recall, though, some being in a non-English language?

A Yeah. It seems to me like they were in English and French. One thing was written in English, one written in French. But I'm not absolutely sure of that. I know there was some foreign language there.

Q Did you ask anyone what these signature cards related to?

A I just assumed that they were for the projects. I mean, I didn't really have to ask. I just assumed that's what they were for. There would be no other reason for them.

Q Do you have reason to also assume that one or more of them related to the concept paper you had seen about support for the contras after the Boland Amendment was enacted?

A Yes, [redacted]

Q In the concept paper did it mention possible use of banks outside of the United States for that account?

A I don't recall that it mentioned that. It seems like it did, but I cannot remember for sure.

Q During the course of earlier investigations outside of the Iran-contra affair investigations did you have occasion to know that you might have signed a bank signature card for Creduit Suisse?

A No.

Q Tell us how you came to know that you might have done that.

A In April, early April, I received a call from a fellow named Rosenberg who works for CBS News, and he told me that he had independent confirmation from a European source that there was a Swiss bank account that had General Secord, Lieutenant Colonel Oliver North, Mr. Patterson and myself as signators to that account. And I referred Mr. Rosenberg to the Army Public Affairs Officer, and then I got in touch with Major Frothingham here in Washington and told him what Rosenberg had said.

And he asked me if I could remember ever establishing any account like that, and I related to him the story about the O plan and signing the signature cards. But as far as I knew none of those accounts ever got established because BSI was done away with shortly after that, and I just assumed that none of those accounts were ever established.

But there could have been. So he asked me to come to Washington fast as I could get here, so I flew all night and got here the next morning and sat down and gave the CID the statement on what I could remember about it.

Q And then what happened next?

A I was interviewed by the Independent Counsel's office -- several lawyers, a bunch of FBI agents -- and we went through this nutroll again, just like we're doing today -- the same thing over and over.

Q Did you ever have occasion to communicate with Credit Suisse?

A Yes, I did. I called Mr. Rosenberg after I got back to Arizona and I asked him for the account number of this Swiss bank account.

Q And did he tell you it was [redacted]?

A Yes, he did.

Q And he told you that that was the number he had been given by his independent European source?

A That's correct.

Q Okay. And then what happened?

A I then placed a call to Switzerland and I got the telephone number through the operator and I called, I believe, that night. But there was a time difference and there was no answer. I called the next morning about 6:00 in the morning and I talked to whoever answered the phone. You know, they referred me to some banker.

And I told him that I believed that there was an account that had been established in 1983, that I was a signator to the account, and I wanted to find out if the account actually existed. So I gave him the account number and he told me, yes, the account exists. And I said I want to get all the records of that account because -- go ahead.

Q Was this Mr. [redacted] you were talking to?

A No. Initially I talked to someone else. And when I told him what I wanted to do he referred me. He said let me put you on to somebody else. He referred me to [redacted]. And I talked to Mr. [redacted], went through the same drill with him, and gave him the account number. And you could hear him working a little machine in the background, and then he started asking me personal data questions -- date of birth, wife's first name -- just a bunch of information which I gave him.

And then he said, well, you know, what do you want? And I said I'd like to get copies of all the records of the account.

Q Did Mr. [redacted] or was it the first individual to whom you spoke at the bank who confirmed the account number?

A It was, I think, really both. The first guy I talked to, I gave him the number and he pulled it up and he asked me what I wanted. And I told him that I wanted to get copies of all the records of the account, that I needed them because some of these guys were in trouble with the law and I wanted to make sure that I didn't have any problems. I wanted to see what was in the account.

Q And when they confirmed the number did they tell you that their records showed you had one too many [redacted] in it?

A That was Mr. [redacted] When I talked to him I gave him the number. When he gave me the information on the account he said it had too many [redacted] in the account number.

Q And their records showed the account number as [redacted]?

A Yes.

Q And did Mr. [redacted] confirm that the account showed as signatories General Secord, Colonel North, Pat Patterson, yourself, and was Robert Owen also on that account?

A Yeah. I believe Owen was in the account as well.

Q So he confirmed as to Secord?

A What I did, he asked me some questions about the account. I gave him the number and told him what I wanted. He said who else is on the account. And I said Secord, North -- I had the names written out -- Owen, Patterson, myself.

Q And he confirmed the existence of General Secord on the account?

A Well, he didn't say yes, I have the account here and these are the names that are on it. He was very cagey and he wanted to know what I wanted. You know, once he pulled the information up, he wanted to know what did I want to do, what did I want to transact. And I said I wanted copies of everything that has been transacted in that account since it came into existence.

And I said that I would be willing to come to Switzerland to get the information, how did I go about it, what did he need from me. And he told me he needed a letter, and he gave me the specific information to go in the letter. He needed exemplars of my signature about four or five times -- you know, that type of information. He needed passport numbers, a variety of information that I was to put in the letter to send to him to get the account information.

Q We'll come to that in a moment. At some point he did what you have characterized as confirming these various names. How did that happen?

A He asked me who was on the accounts and I read off the names to him, and then I asked him specifically. Before I hung up, I said, look, I don't want to come all the way to Switzerland and not be able to get anything. I want to make sure that my name is in this goddam account with these guys. And he said yes, it's here, you know. You are a signator to the account.

So that was it.

Q But did he ever affirmatively say that General Secord was a signator?

A No. He never said, you know, these guys are all signators to the account during that conversation, no.

Q Did he ever say that as to Colonel North?

A No.

Q He never said it as to Pat Patterson?

A No. I provided him with those names when he asked me who was on the account with me.

Q And he never said that as to Robert Owen?

A No.

Q But he didn't --

A He didn't deny any of it. He acted to me like when I gave him those names and I gave him my date of birth, that information, it seemed to put him at ease that he was dealing with a person that he had the information on.

Q Did he tell you anything else about the account -- when it was set up, whether there were successor accounts, et cetera?

A He asked me when it was set up and I told him in August or September of 1983. Now in a subsequent conversation, after I mailed the letter to Mr. [redacted] asking for this information, I received a call from him the following Monday or Tuesday -- I believe it was a Tuesday -- early in the morning.

Q You mailed your information on a Thursday?

A I think it was a Thursday. I sent it by overnight express mail and I received a call from him very early in the morning. The first question he asked me was am I working for the U.S. Government. And I told him that I had retired from the government, and he said, but you're only 40 years old. And I said, yes, but I spent 20 years in the Army and in the Army you can retire regardless of your age at 20 years.

Then he kind of danced around for a while about the account. He said, you know, this account, it's very difficult. He kept telling me how difficult it was on this account. And eventually he said it evolved into other accounts. Do you know the other account numbers? I said, well, I don't know right offhand any other account numbers, but I can root around, talk to old buddies and see what I can find out, and maybe I can find out what they are.

And he said he needed the other account numbers in order to provide me with everything that I wanted. [redacted] another letter to Mr. [redacted] stating that I wanted what he had on the original account and that I would attempt to try to get the other account numbers to give to him at some later time.

And I wrote the letter and sent it out, and I haven't heard anything from Mr. [redacted]

Q You mailed that approximately April 19?

A That's correct.

Q Did you ever while at BSI make any deposits to Swiss bank accounts?

A No.

Q So as far as you know nothing that you would have done would have utilized such an account?

A No.

Q And for the record, at the time you were at BSI you were not aware that there was an account with BSI as part of YELLOW FRUIT in a Swiss bank?

A No, I did not.

Q Do you recall having seen any other financial documents -- deposit slips, check registers, record of wire transfer, et cetera -- involving Swiss bank accounts?

A There could have been. I just don't recall specifically. [redacted] I'm not absolutely sure.

Q And you recall there having been a bank [redacted]

[redacted]

A There was more than one [redacted] There were several [redacted]

Q And you recall that [redacted] may have been one of the accounts that Patterson used to launder money?

A Yes, that's correct, because I recall there was a deposit. It was a large one. I think it was $250,000 that was made to the BSI checking account from that bank.

Q Do you know, for the record, Colonel North?

A I have been to at least one meeting, maybe two, where Colonel North was there.

Q Was it unrelated to YELLOW FRUIT?

A It was totally unrelated to YELLOW FRUIT.

Q And you have had no dealings with him on anything part of the Iran-contra affair?

A Not to my knowledge.

Q For the record, do you know General Secord?

A I don't believe I've ever met General Secord. I think he was in southeast Asia the same time I was. I have heard his name batted around for years in southeast Asia.

Q And, for the record, do you know Mr. Owen?

A I don't believe I've ever met Mr. Owen.

BY MR. SABA:

Q Just a few questions. Returning to the matter in which BSI did its business, did it undertake contracts with private third parties?

A I believe so, yes.

Q What kind of activities would these contracts have been?

A Rental of equipment primarily, rental cars -- you know, those types of things.

Q Did BSI engage in contracts with third parties for operational purposes?

A When you say BSI, I think you've got to look at [redacted]

[redacted]

MR. SABA: I have no further questions.

BY MR. SAXON: (Resuming)

Q Let me offer as Deposition Exhibit 1 what I believe to be the sworn statement that you provided Army CID on DA form 2823 on 2 April 87.

(The document referred to was marked Golden Exhibit Number 1 for identification.)

Does this look familiar to you, Mr. Golden?

A Yes, it does.

Q And that is your statement that you provided?

A Yes.

Q And that was a sworn statement that you gave to the Army investigators?

A Yes, that's correct.

Q And to the best of your knowledge all of the information in there is correct?

A Yes, to the best of my recollection, yes.

MR. SAXON: Off the record.

(A discussion was held off the record.)

BY MR. SAXON: (Resuming)

Q What can you tell us about why you didn't make any connection between any Swiss bank accounts which you've talked about now with the earlier investigations?

A I think early on in 1983 I made reference in sworn statements back and then and in conversations with the investigators and with the U.S. Attorney to the possibility of other bank accounts, and in fact I brought this up a number of times. I made 70-something trips back here as a part of that investigation to assist the FBI and the Army in sorting through all of this mess.

I suspected a long time ago that there were bank accounts established and I didn't know what the purpose of those accounts were. I think the Army did try to look at some of those at some point, but there was so much overwhelming evidence against Colonel Duncan that it was a chore just to catalog the information. There must have been 15 safes full of material, and I was told at one point that it was a fruitless effort because it was just too time-consuming to bury that many agents in that type of investigation when they really didn't need that information to prosecute Colonel Duncan.

Q Is it correct, then, that the first evidence you had that your name might have appeared as a signatory on a Swiss bank account was when you got the call from Mr. Rosenberg of CBS News?

A Yes, that's correct.

Q And the actual verification of what that account number was came from Mr. Rosenberg?

A Yes, it did.

BY MR. ALBRIGHT: (Resuming)

Q You knew that there was a position paper prepared that discussed diversion of funds to the contras, did you not?

A No, I didn't know that -- for diversion of funds -- no.

BY MR. SAXON: (Resuming)

Q The position paper you saw dealt with padding in terms of equipment and supplies, with that possibly going to the contras?

A That's right. It didn't talk about giving them money and laundering money or anything like that that I can recall. The mechanism that was needed to fund it, to buy things for them, would have to be set up.

BY MR. ALBRIGHT: (Resuming)

Q I think you said earlier you remembered that it clearly was a method by which Boland could be --

A There was no question about it. I mean, that was the whole purpose of the plan, was to circumvent the Boland Amendment.

Q You remember when this story broke that led us to this investigation. Did you not make the connection then? Why didn't you contact someone?

A I suspected that was the case, but, I mean, you know, the plan was in the BSI offices when it was taken down, and I assumed that the Army had the plan and they had access more than I did to the material that was in BSI. I never saw the plan after I left there. But when the investigation started they confiscated everything in the office and it was either shredded or they had the plan. I really didn't know.

BY MR. SABA: (Resuming)

Q To your knowledge, was the device of padding contracts, whether with other countries or perhaps with other third parties, previously used for any other purposes?

A I don't have any personal knowledge. I've heard all kinds of stories and rumors about that type of thing happening, but I don't have any direct knowledge of it.

Q In your knowledge of the contracts [redacted] entered into with third parties, were these generally contracts contemplating profit?

A Oh, yeah, they had to be. I mean, just the nature of the business. I mean, it was a good ole boy network.

Q To your knowledge was it understood that any portion of such profit would go to a purpose directed by the contracting agency?

A No. I didn't have any knowledge of that at all.

BY MR. SAXON: (Resuming)

Q When you spoke with Mr. [redacted] in either of your two phone conversations did he ever verify whether the account number, the account with the number [redacted], currently had any money in it? Was it an open account, an active account? Did it have money?

A No. I never asked him that. I just told him I needed the records, was what I was after. The story I told him was that these other people that were signators to the account were in trouble with the law, and he acted very surprised at that. And I said what I'm trying to do is protect myself. I want to know what has gone on in that account that I might be subject to be questioned about. I want to get copies of everything so I know where I stand with the government.

Q So you didn't ask it. Did he volunteer whether there was money in the account?

A No.

Q Did you ask whether you would be able at present to make withdrawals or deposits into that account?

A No, I didn't ask.

Q Tell us, to the best of your understanding, where things stand in terms of your getting something in terms of these records from Credit Suisse.

A The last letter I wrote to Mr. [redacted] was on the 19th of April, and the letter basically stated [redacted] that I wanted the information relative to the basic account that had been established, and that I would attempt to find out the other numbers that he said I needed to get, the other information, but in the meantime I wanted him to send me whatever he had that he could give me.

Q So you are waiting now to receive that?

A Yes.

Q And consistent with what you had been told in your conversations, you have every reason to believe you will get records?

A Yeah, I think so. [redacted] I set up a post office box number and I have checked it every day up until yesterday.

BY MR. SABA: (Resuming)

Q Let me understand. You gave as a return address a P.O. Box?

A That's correct.

Q You did not give your home address?

A No, I did not.

BY MR. SAXON: (Resuming)

[redacted]

BY MR. SABA: (Resuming)

Q For the record, in your telephone calls to Mr. [redacted] what telephone number did you use to reach him?

A The city code, I think, was [redacted] The number is [redacted]

BY MR. SAXON: (Resuming)

Q And that is in Geneva, Switzerland?

A Yes. And the letter I wrote to Mr. [redacted] was at [redacted]

MR. SAXON: Mr. Golden, I think that's all we have at this time.

BY MR. SAXON: (Resuming)

Q One other thing, Mr. Golden. I believe you have some copies of documentary evidence, some memoranda for the record, which you prepared of various phone conversations and correspondence involved. Is that something you could make available to the Committees?

A Yes. I can make available the letters that I wrote to Mr. [redacted] and I tape recorded the conversations, the two conversations, where I placed the calls to Mr. [redacted] and I do have that and I can provide that to you.

MR. SAXON: On behalf of both Committees, we want to thank you for being here and for your candor and time. Thank you very much.

(Whereupon, at 12:44 p.m., the taking of the instant deposition ceased.

____

Signature of the Witness

Subscribed and Sworn to before me this ____________ day of ________________________, 1987.

____

Notary Public

My Commission Expires: __________________________

CERTIFICATE OF REPORTER

I, Michal A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Scha

NOTARY PUBLIC

My Commission expires: 2/28/90

UNCLASSIFIED

CERTIFICATE OF NOTARY REPORTER

I, Terry Barham, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing transcript was duly sworn by me; that the testimony of said witness was taken by me and thereaftrer reduced to typewriting by me or under my supervision; that said deposition transcript is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Terry Barham

Terry Barham, Notary Public in
and for the District of Columbia

My commission expires May 15, 1989.

UNCLASSIFIED

cbl

1 A

UNCLASSIFIED

SELECT COMMITTEE TO INVESTIGATE COVERT
ARMS TRANSACTIONS WITH IRAN
U.S. HOUSE OF REPRESENTATES
AND
SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION
UNITED STATES SENATE

- - -

Friday, September 11, 1987,
Washington, D.C.

Deposition of FRANCIS D. GOMEZ, taken on behalf of the Select Committees above cited, pursuant to notice, commencing at 10:15 a.m. in Room 901 of the Hart Senate Office Building, before Terry Barham, a notary public in and for the District of Columbia, when were present:

For the Senate Select Committee:

JAMES E. KAPLAN,Esq.

For the House Select Committee:

SPENCER OLIVER, Esq,
THOMAS FRYMAN, Esq.
KEN BUCK, Esq

4065

Partially Declassified/Released on 22 DEC87
under provisions of E.O. 12[illegible]
by [redacted], National Security Council
K. JOHNSON

UNCLASSIFIED

For the deponent:

RONALD G. PRECUP, Esq
Nussbaum, Owen, and Webster
One Thomas Circle
Washington, D.C. 20005

CONTENTS

Examination by	Page
Mr. Kaplan	4
Mr. Buck	124
Mr. Oliver	128

EXHIBITS

Gomez Deposition Exhibits	Marked
1	4
2	5
3	15
4	49
5	51
6	98
7	131
8	138
9	153
10	161

UNCLASSIFIED

PROCEEDINGS

Whereupon,

FRANCIS D. GOMEZ

was called as a witness and, after having been first duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE

SENATE SELECT COMMITTEE

BY MR. KAPLAN:

Q Could you please state your full name for the record?

A Francis D. Gomez.

Q Just some housekeeping formalities here. You understand, Mr. Gomez, that this deposition is being taken pursuant to subpoenas that were issued back in April. I've got a letter here from your counsel which I am glad to mark as an exhibit to the deposition, which states that this subpoena issued by our Committee remains in force even though your appearance was excused back in April. I will ask the reporter to mark this letter Gomez Deposition Exhibit No. 1.

(The document referred to was marked Gomez Deposition Exhibit No. 1 for identification.

BY MR. KAPLAN:

Q Then I will ask the reporter to mark as Deposition Exhibit 2 a composite exhibit consisting of the order from the

United States District Court for the District of Columbia of immunity pursuant to application by the Senate Select Committee, and an order issued by the same court pursuant to an application for immunity by the House Select Committee, which compels your testimony here today.

I will just state for the record that your testimony here today is being compelled pursuant to both of these orders. I will ask you if that's your understanding as to your appearance here today.

A Yes.

(The document referred to was marked as Gomez Deposition Exhibit No. 2 for identification.)

BY MR. KAPLAN:

Q Could you state your Social Security number?

A [redacted]

Q What is your date of birth?

A July 24, 1941.

Q Are you currently employed?

A Yes.

Q What is your position or employment?

A I'm president of my own consulting firm which is called Public Affairs Resources, Inc.

Q How long have you been employed there?

UNCLASSIFIED

A Well, I changed the name of my previous company, which was Gomez International, and the name change was effective in August. So I have been employed by Gomez International since early 1986.

Q Is that the same time when Gomez International was formed?

A Yes.

Q What was the purpose of the name change?

A I wanted something that reflected more what I did. Gomez International doesn't say what I do. I found a lot of people asking, when I presented my card, well, what do you do, and I had to explain that.

Q Is Gomez International a partner along with -- I'm sorry, the newly named corporation?

A PAR.

Q That's Public Affairs Resources?

A Yes.

Q Is Public Affairs Resources, Inc. a partner along with Miller Communications in the partnership of International Business Communications?

A No.

Q When did that partnership cease?

A July 31, formally.

Q July 31 of this year?

A Yes.

UNCLASSIFIED

Q Okay. What was the purpose of the cessation of that partnership?

A The purpose was to do business on my own.

Q What is the nature of your business?

A I do public affairs consulting, trade and investment promotion, public relations.

Q Where are your offices?

A 1912 Sunderland Place.

Q Do you share offices with International Business Communications?

A I rent offices from IBC.

Q In your immediate prior employment as a self-employed individual at Gomez International, were the services the same as you perform now with Public Affairs Resources?

A Basically, except that I'm more into a business development mode, business promotion mode now.

Q Do you share profits with anyone as a sole proprietor of Public Affairs Resources?

A No.

Q What was your employment prior to the formation of Gomez International in January of 1986?

A I was a consultant, private consultant to IBC; a subcontractor, in effect.

Q Were you performing services similar to those that you performed as a sole proprietor of Gomez International and

UNCLASSIFIED

Public Affairs Resources?

A Yes.

Q How long had you held the position with IBC?

A From February 1984 to January or February 1986.

Q What had you done prior to February of 1984?

A I was a foreign service information office with the U.S. Information Agency.

Q How long had you held that position?

A There were various changes in the status or the type of title that we had, but I was with the USIA for 19 years and 10 months, something like that.

Q Had you performed a variety of different services for USIA, or were your duties as public information officer similar with increasing responsibility over time?

A They were, in a very broad sense, similar, but work overseas is somewhat different from work in the United States.

Q Was the last portion of the tenure of your position at USIA work in the United States?

A Yes; from 1978 to 1984.

Q What is the last position that you actually held with USIA?

A Director of Foreign Press Centers.

Q How long did you hold that position?

A Almost two years.

Q What's your educational background?

UNCLASSIFIED

A I have a bachelor's degree from the University of Washington in political science, a master's degree in public administration from George Washington University, and not a degree but I had a fellowship in international economics and public affairs at the Woodrow Wilson School of Public International Affairs in 1973-74.

Q When did you attain your degree at the University of Washington?

A 1964.

Q When did you attain your master's degree at George Washington?

A '82.

Q Were you attending school at George Washington in the evenings?

A Yes.

Q Part-time?

A For four years.

Q For a master's degree for four years?

A Yes, one at a time.

Q When did you first meet Rich Miller?

A I went to work as Deputy Assistant Secretary of State for Public Affairs in, I guess, July 1980. At that time he was not yet at the State Department or AID, but after the election he came to AID as Director of Public Affairs. We met shortly thereafter, which must have been early 1981.

UNCLASSIFIED

I can't pinpoint the date.

We met each other in the context of meetings on public affairs strategies for the department and AID.

Q Did you discuss with Mr. Miller the substance of his deposition testimony before these Committees before your coming here this morning?

A No.

Q Have you discussed with David Fischer the substance of his deposition testimony before these Committees before you came here?

A No.

Q Have you discussed with anyone the substance of their private deposition testimony before these Committees before having come here to testify today?

A No.

Q With any witness?

A No.

Q Do you now hold a security clearance?

A No. Not to my knowledge. Frankly, I don't know what happened at the end of the Defense Department, whatever they did, for the State Department contract. I don't know how that turned out.

Q So I take it, then, in the past you did hold some security clearances?

A Yes.

UNCLASSIFIED

Q Did you hold security clearances while you were with USIA in the State Department?

A Yes. It's required.

Q Do you recall what level of clearance you held during your time there?

A I believe it was top secret.

Q Did you continue to hold a security clearance for some time after your government service terminated in January of 1984?

A Yes.

Q How long did you hold that clearance?

A I don't know exactly when it expired or when it was to expire, but I remember checking on it when I left USIA to see how long it would be in effect. I understood it was going to be a year-and-a-half or two years more, something like that.

Q Do you know why that clearance remained in effect?

A They clear people for, as I understand it, periods of years, and my most recent update had been done a couple of years before.

Q Were you still privy to the classified information during your time outside of the government or beyond your government service?

A I understand that I was as a contractor to the State Department, yes.

UNCLASSIFIED

Q Was your security clearance maintained at the request of someone within the government, to your knowledge?

A No, only that when I went to the State Department as a contractor or subcontractor, I inquired about the validity or status of the security clearance and was told that I did not have to do anything further to extend or update my security clearance.

Q Who gave you that information?

A I don't recall. It was in the administrative process there. It may have been a call that I initiated myself to the USIA security office to inquire about it.

Q What prompted your request to determine whether your security clearance remained in force?

A The expectation that I would be seeing classified documents.

Q Is it fair to say that expectation was the result of the fact that you were a contractor for a State Department contract that was classified as secret?

A No, because all this happened prior to the classification of that contract. The period I'm talking about was February, March '84.

MR. PRECUP: Mr. Kaplan, for the record, by "that contract," I think the witness is referring to the State Department contract covering fiscal year 1986. Is that what you had in mind in your question as well?

UNCLASSIFIED

MR. KAPLAN: That is what I had in mind. I understand that there are a series of State Department contracts that Mr. Gomez and International Business Communications held when Mr. Gomez was a principal at IBC. We'll get into those contracts a little later and with a bit more depth. But that was the contract that I was referring to by my shorthand. I appreciate the clarification for the record.

BY MR. KAPLAN:

Q Mr. Gomez, have you ever been an employee or a contract agent of any intelligence agency or intelligence branch of any department or agency?

A No.

Q Do you recall when a corporation named IC, Inc. was incorporated in the Cayman Islands?

A Yes.

Q Were you an incorporator of that corporation?

A Yes.

Q How did you become involved in incorporating IC, Inc.?

A I believe the period was spring of 1985 at a time when Mr. Miller and I were dealing with a person who was presented to us as a Saudi prince -- and I don't remember his name -- and who was interested in selling oil and providing the profits from the sale of oil, or at least some of the profits from the sale of oil, to assist the administration

UNCLASSIFIED

and assist the resistance movement in Nicaragua.

And after some checking, Mr. Miller decided that he should, we should, open an offshore account in order to provide for ready transfer of those moneys, and also to avoid any immediate tax liability for moneys entering the United States. We were expecting to deal with large sums and anticipated that any large sum coming in would be immediately taxable regardless of its ultimate disposition.

Q Was the decision to form IC, Inc. and the reasons for choosing the Cayman Islands as the place of formation a decision that you were involved with?

A No. I was asked to lend my name and my signature to those steps.

Q Did you discuss the formation of IC, Inc. with Colonel North?

A No.

Q Did you do or take any action other than lend your name to the formalization of the steps?

A No.

Q By steps, I'm referring to the steps to actually register IC, Inc. and establish some bank accounts.

A Other than lending my name, no. I --

Q I'm going to ask you -- go ahead.

A No, just Mr. Miller explained to me what he was recommending that we do. That's the extent of my knowledge

UNCLASSIFIED

of it.

Q Did you do any research into the mechanisms for establishing a corporation and related bank accounts in the Cayman Islands?

A No. I believe Mr. Miller did.

MR. KAPLAN: I will ask the reporter to mark as Deposition Exhibit No. 3 a copy of a document that was produced to us by your counsel in response to subpoenas issued by the Committees.

(The document referred to was marked as Gomez Deposition Exhibit No. 3 for identification.)

BY MR. KAPLAN:

Q I ask you if you can identify that document.

A Well, the names are familiar: the Barclays Bank, the Cayhaven Corporate Services, and Walker and Company. But I don't know where the document came from.

Q Did you prepare this document?

A I don't think so.

Q Is it possible that you prepared this document?

A It's possible.

Q Does this document refresh your recollection as to whether you took any steps to determine the various mechanisms by which a Cayman Islands corporation and related bank

UNCLASSIFIED

accounts could be established?

A I may have had a phone call or received a phone call from one of the persons or more listed here. I remember a phone call and taking notes from the phone call, but I believe I was doing that on behalf of Mr. Miller.

Q Is it part of your business practice to have notes from telephone calls incorporated into typewritten documents?

A Normally, no.

Q I take it it's possible that you had notes from phone conversations.

A It's possible. I don't have any clear recollection of this document, especially underlining the management company does not look something like what I would do, nor underlining the law firm is something that I would do, nor even the format of the memo is not my style.

Q Is it possible that you had a telephone conversation with someone about these approaches or mechanisms and gave your notes to someone else who then incorporated it into an information sheet?

A That's possible.

Q Do you recall a time in 1986 when the name of IC, Inc. was changed to Intel Cooperation, Inc. and the charter of IC, Inc. was also modified?

A Yes.

Q Could you describe what your involvement, if any, was in that name and charter change?

A My involvement was that I was informed of the change or the need to change, the desire to change, and was asked to sign, again, the appropriate papers.

Q Did you have any involvement in the preparation of the papers instituting that name and charter change?

A Other than lending my signature to a document, I had no involvement.

Q Who informed you of the name and charter change?

A Mr. Miller.

Q Did he tell you why the name and charter change was recommended or desired?

A He did but I don't recall the reason.

Q Did he tell you that the charter change was being made in order to provide more secrecy to the function that IC, Inc. was performing at that time?

A I don't think so. I wish I could give you a precise answer, but I do not recall.

Q Do you recall whether he told you that the charter change was being made in an effort to more accurately reflect the business of IC, Inc. at that time?

A I believe something to that effect was discussed. Frankly, I was not greatly concerned about it.

Q Did you review the charter change prior to having signed the document that made it?

A I don't remember.

Q Was it your practice, Mr. Gomez, to sign documents relating to IC, Inc. without a thorough review of the substance of those documents?

A Well, it was my practice, yes, to sign almost anything that Mr. Miller put in front of me, unfortunately. Usually, he explained what was happening and why and asked for my signature.

Q Going back to the formation of IC, Inc., did Mr. Miller tell you whether he had had any conversations with Colonel North about the formation of that company?

A Yes, I believe he did.

Q Can you describe the substance of your conversations with Mr. Miller of his conversations with Colonel North?

A Yes; very briefly, however.

I believe that they had discussions on the advisability of creating or opening a corporation, creating a corporation and establishing a bank account overseas. And that was about it.

Q Did Mr. Miller ever tell you that Colonel North had instructed him to open an offshore account and corporation?

A I don't think I could say accurately that this would be characterized as an instruction. It may have been a request.

Q Do you recall whether Mr. Miller told you that

North had requested him to establish an offshore corporation and account?

A No. I believe that the initiative for that came from the -- oh, I just remembered the name of the fake Saudi prince: Al-Massoudi.

I believe that that was in that context that he reached the decision to do that, and whether at that time Mr. North was also involved and making recommendations, I cannot be certain about.

Q Did you have any further dealings with Al-Massoudi after these initial contacts?

A No.

Q Were the Al-Massoudi transactions and dealings conducted solely by Mr. Miller insofar as IBC was concerned?

A That's correct, although I did see him a couple of times later when he came in the office.

Q Do you recall why the fake Saudi prince said that he wanted to give money to the contras from the sale of these oil contracts?

A Yes.

Q What was the reason that he told you?

A Well, he said that he had lived in the United States, and his son was living in the United States and was grateful for everything that the United States had done for him and for his son and his family and so on. And he wanted to repay the country in some way, and he was also concerned about the spread of Communism and felt that a contribution to aid the Nicaraguan resistance would be a way to express that concern.

Q When did you first meet Colonel North?

A I believe that I met him at a swearing-in in the Indian Treaty Room in the Old Executive Office Building in about August of 1984.

Q Whose swearing-in was it?

A It was Tambs who was en route to Costa Rica.

Wait a minute. I'm sorry. It was Ambassador Piedra, Alberto Piedra, who was en route to Guatemala.

Q Who introduced you to Colonel North?

A At this swearing-in there were several people from the Office of Public Diplomacy at the State Department, including Ambassador Reich, John Blacken, and maybe others. In just meeting and greeting, it was in that context that I first shook hands with Mr. North.

Q Do you recall when your first substantive encounter with Mr. North occurred?

A It could have been a few weeks after that. Perhaps September.

Q Do you recall the substance of that occurrence or of that meeting?

A As I recall it, either Mr. North, Colonel North, asked to see me or I was asked by someone at the Office of Public Diplomacy to contact him in order to discuss public affairs programs of the office.

Q Did you have subsequent dealings with North on that matter immediately after that meeting?

A Several days after, but I can't pinpoint it. After that we started seeing each other -- I don't know -- once every two weeks or so, we would confer.

Q What were the purposes of those conferences, to the best of your recollection?

A Coordination of programs, strategies for the public diplomacy effort at State Department and their relationship to the resistance leadership.

Q So I take it these were public diplomacy efforts related to the resistance?

A Correct.

Q Were these activities conducted under the auspices of your State Department contracts?

A Yes.

Q That you held at the time?

A Yes.

Q Okay. Was there a time when you and others at IBC began to refer to Colonel North by the name "Green"?

A Yes.

Q Do you recall when use of the name "Green" began?

UNCLASSIFIED

A Probably in the summer or fall of 1985.

Q Did you initiate the use of the name "Green"? Was it your idea?

A Yes.

Q Do you recall why you initiated it?

A Yes, I recall very specifically a conversation with Mr. Conrad, Dan Conrad in Mr. Channell's office, because he was speaking rather loosely about Colonel North, Colonel North, Colonel North. And I said, "Well, I don't think it's advisable to refer to Colonel North publicly, openly," as Colonel North because by this time there had been some press articles about his involvement with the Nicaraguan resistance. And I said, "You should probably call him something else." He said, "Well, what do we call him?" I said, "Well, call him Green or something." I don't know. I thought Marine, Marine uniform, green, and that was it.

Q Can you just explain briefly, again, why you thought it was inadvisable to continue to use North's real name in conversations with Mr. Conrad and others at the National Endowment for the Preservation of Liberty?

A Because the work that he was doing and the work that Channell and his group were doing was very sensitive, and that revelation of it would be embarrassing to all parties.

Q By the work that they were doing, I take it that

UNCLASSIFIED

you're referring to the contra assistance funding network that had been established by that time?

A Correct.

Q Were you concerned about the legality of Colonel North's activities or anyone else's activities in connection with that contra assistance network?

A No.

Q Were you concerned about the propriety, separate and apart from legality, of the contra assistance network that was being conducted by that time?

A No. I think I was concerned primarily about the political implications of it, the embarrassment of a disclosure and so on.

Q Were you concerned about the political implications, embarrassment and public disclosure insofar as Colonel North was concerned?

A Insofar as everyone was concerned.

Q Were you concerned that the public revelation of the contra assistance network would be a problem for IBC?

A Yes.

Q What problem did you foresee that public disclosure of that funding network would cause IBC?

A Well, it was a sensitive political issue, one that had prompted considerable debate in public, in the media, in the Congress, and I think that public knowledge of our association with such an enterprise could be harmful to the business.

Q When you say harmful to the business, do you mean that IBC would lose business over the disclosure --

A Potentially, yes.

Q -- of its operation in controversial activities?

A Yes.

If I may, I'd like to go back to our initial, Rich Miller's and my initial association. When I decided to become his consultant -- in effect, share offices and work with and for him -- we felt that it would be a good match, a good team because he was a Republican and I was from the Democratic side, had a lot of friends in the Democratic Party, had done some work for the Democratic Party. And I was also later, when we're talking about this period, I felt that my personal involvement or attachment to such a cause could be harmful to me in a business and a political sense for being so closely identified with that cause.

Q Did you ever express to Miller reservations about IBC's participation in the contra assistance funding network?

A Yes. Many times.

Q Do you recall at least when some of those reservations were expressed?

A I don't recall dates. I recall periods. That is, fairly early on after the Channell relationship was es-

UNCLASSIFIED

tablished in the spring of 1985, shortly thereafter when they started getting into the fund-raising mode, I had some reservations about that and expressed them to Mr. Miller.

Q What reservations did you express, to be more precise?

A Well, I wanted to be very certain, first of all, that what we were doing was not illegal, and he assured me that it was not. He had checked with various parties, I believe legal counsel as well, and assured me that it was not.

Also at the time, it was our understanding that whatever moneys were being raised were going for humanitarian purposes rather than non-lethal purposes.

MR. PRECUP: Rather than?

THE WITNESS: Rather than lethal. I'm sorry. A slip. Rather than lethal purposes. And so that was somewhat reassuring to me.

BY MR. KAPLAN:

Q But I take it Mr. Miller assured you that the contra assistance funding network had been passed on as lawful by some counsel?

A I had that impression, yes.

Q Did you ask him which lawyers he had consulted?

A No.

Q What else did Mr. Miller tell you on occasions when you expressed your reservations about IBC's participation in

UNCLASSIFIED

the contra assistance network?

A Well, he made the case for the plight of the resistance, first of all, saying that they were not getting assistance, they were caught in an extremely precarious situation where their needs were considerable; that Mr. North, Colonel North, had asked for our cooperation. Of course, I had been in the room, in his office, when such cooperation was requested, so that was not a secret. And also that whatever we were doing could be kept from public view. And I was persuaded to continue.

Q Didn't you ask for assurances that the contra assistance network could be kept from public view?

A No.

Q Were you persuaded that the contra assistance network could be kept from public view?

A No.

Q But you just decided to continue to take the business and professional risk?

A Yes.

Q When did you first meet John Roberts?

A I don't remember.

Q Was it several years ago?

A No. It was in 19...if I met him. I'm very vague about ever having met him. I believe I met him once, perhaps after he left the White House. But we had telephone conversa

UNCLASSIFIED

tions prior to that time.

Q What was the purpose of those telephone conversations?

A Mr. Channell was seeking to get a letter, I believe it was a letter, from the President which would endorse his fund-raising efforts.

Q Who initiated the calls between you and Mr. Roberts?

A Well, Mr. Miller had had conversations with Mr. Roberts on behalf of Mr. Channell, or Mr. Channell had had conversations with Mr. Roberts, and I did this when the other two gentlemen were either not available or something. I was pinch-hitting.

Q I take it this would have been some time after the contra assistance network between NEPL and IBC began?

A I believe it was in the summer, August of 1985, when we had our telephone conversations; and when we met, I don't know. If we did meet, it was very brief and almost social rather than professional.

Q When did you first meet Channell and Conrad?

A I believe it was in March or April of 1985, about the time of the Nicaraguan refugee dinner.

Q Did you work with Channell and Conrad in connection with the planning for that dinner?

A I didn't, no.

Q Outside of any transactions or dealings having to

UNCLASSIFIED

do with the Nicaraguan refugee dinner, do you recall when you first meet Channell and Conrad in a business context?

A Yes. Mr. Miller, and perhaps indirectly I, did some things for them in connection with the Nicaraguan refugee dinner. Whether it was just provision of information or background or something on Nicaragua, they were beginning to get into this as a possible fund-raising vehicle. And I don't recall exactly what services were performed. It may have just been outlining the issues for them or something. I am really very vague on that.

But shortly thereafter, after the fund-raising dinner, Mr. Channell appeared, perhaps accompanied by Mr. Conrad, and gave a check to Mr. Miller for services rendered. And I can't be certain that that check was for support for the refugee dinner or something else, but that was the beginning of the relationship. And at that time, he offered to provide a monthly retainer.

Q Does it refresh your recollection at all with respect to the timing of that first -- I'll refer to it as a retainer meeting if I tell you that the refugee fund dinner occurred on April 15 of 1985?

A I don't know what you're trying to get me to recall.

Q Is it possible that that so-called retainer meeting occurred before the refugee fund dinner?

A It's possible.

UNCLASSIFIED

Q Would it refresh your recollection as to when that retainer meeting occurred if I told you that records received by the Committee from your counsel and others indicate that you participated in a dinner with Mr. Channell, Mr. Conrad, Mr. Ramsey and Mr. Miller some time prior to the date of that refugee fund dinner.

A Yes.

Q Given your indication that your recollection has been refreshed somewhat by my recitation of those events, when do you now recall that that first retainer meeting with Channell and Conrad occurred?

A Now I'm confused, because I sense that the calendar, the period is changed. It could have been earlier -- it must have been earlier, in February, perhaps. It was in the wintertime because I remember people wearing coats.

Q So I take it it could have been some time in February, some time in March or some time in early April prior to the refugee fund dinner?

A Some time in early 1985.

Q Okay. Do you know whether Channell and Conrad were first referred to IBC by John Roberts?

A I learned that much later.

Q When did you learn that?

A Oh, maybe some time in 1986.

Q Do you recall the context in which you learned that

UNCLASSIFIED

Roberts had referred Channell and Conrad to you and Mr. Miller?

A It was just a conversation with somebody -- and I don't remember with whom -- about how Conrad and Channell had a relationship with the White House, which predated their relationship with IBC.

Q Now, the Committees have received information in making that referral that Roberts referred to IBC as something like a White House outside of the White House, or a front for the White House on the Nicaraguan issue. Is that a characterization that you've heard before?

A I've heard it. It's not what we ever used or described our operation as, but I've heard other people say that they have used that term.

Q In what context have other people said that --

A Only in the context of the Nicaraguan relationship.

Q Is it to your mind an accurate characterization of the work that IBC was doing at the time?

A Not of all the work that IBC was doing as far as the Nicaraguan resistance policy to aid them. It was not a White House outside the White House. It was an entity which was assisting in the administration's efforts, but I certainly wouldn't characterize it as that.

Q Are you aware of any reason why Roberts or these other people who you say have referred to IBC as a front for

UNCLASSIFIED

the White House, or possibly a front for the State Department, as to why they would characterize IBC this way?

A My answer would be sheerly speculative. I don't know.

Q Who set up the dinner to which we've referred earlier in early April 1985 with Mr. Ramsey?

A I don't remember what the date of the dinner was. Mr. Channell set it up as far as I know.

Q Did Channell tell you anything about Ramsey prior to the dinner?

A Yes.

Q What did he tell you?

A That he was a wealthy Texas, where he was from -- I think Wichita Falls, Texas -- that he was related somehow to the oil business. Not much more than that. A conservative, very interested in what was happening in Central America, a prospective donor.

Q What did you understand the purpose of the dinner to be?

A Dinner was for us -- well, in a few words, it was to get us a contribution from Mr. Ramsey.

Q A contribution for whom?

A For Mr. Channell's organization or organizations.

Q Was the contribution to Channell's organization going to be a contribution that would be passed on to the

UNCLASSIFIED

resistance?

A That's what I understood.

Q Are you aware that the discussion at the dinner that evening was tape recorded?

A Yes.

Q When did you become aware that the tape recording existed?

A At the time.

Q At the time. How did you become aware that the tape recording was taking place?

A Well, Mr. Conrad had a habit of recording things. He was very business-like and wanted to be very precise about everything, and so he often had a tape recorder with him. And he put it on the table and said -- didn't say, he just started recording.

Q Did anyone raise a question about the propriety of recording the dinner conversation that evening?

A I think I did.

Q Did you raise it at the time that Conrad put the tape recorder on the table?

A I think I did.

Q What do you recall his response to be?

A I don't recall his response. Not in detail. He tape the conversation, so, therefore, he probably said something to the effect that, well, it's all right, I'll keep it, and this sort of thing.

Q Do you recall having reviewed the transcript of that tape recording?

A Yes.

Q When was that?

A A week or a couple of weeks thereafter.

Q Do you recall having made some changes in the transcript?

A I remember editing it somehow, and then sending it back or giving it back or something.

Q What was the purpose of your editing?

A I don't recall whether it was a combination of style or sensitivity about its contents or factual, making sure that there were factual statements there. It could have been a combination of all three.

Q Have you had occasion to review that transcript at some subsequent time?

A I've never seen it again.

Q Do you recall whether Ramsey was shown some photographs at the dinner?

A Yes.

Q Who showed him photographs?

A Mr. Miller and myself, maybe Mr. Channell, too.

Q What were they photographs of?

A The resistance.

UNCLASSIFIED

Q Were they photographs or slides?

A Photographs.

Q What was the purpose of showing resistance photographs?

A To depict the condition under which the resistance was living and operating, their need for supplies, equipment.

Q Where did you obtain the photographs?

A Some I took myself on a visit to the camps in February 1985. A camp, not the camps. One camp. I visited refugee camps also on that visit. In fact, some of the pictures I took in refugee camps. And there may have been others -- but I don't think -- that could have been provided by Colonel North.

I don't recall whether they were all mine or there were others there.

Q Did you at some time in the spring of 1985 assist Channell in obtaining a letter from Adolfo Calero authorizing Channell to do fund-raising for the FDN?

A I knew about a request from Channell for such a letter from Mr. Calero, but I believe that that was handled by Mr. Miller.

Q Do you recall ever having seen the letter?

A I may have.

Q Did you have any involvement in obtaining the letter for Channell?

UNCLASSIFIED

A Only in a sense that I knew a letter was being requested, and I may have been involved in a phone call or saying, "Where's the letter? What's the status of the letter? Do you have the draft" or whatever it was. But I just --

Q Do you recall why Channell requested the letter?

A Only that it was -- I don't recall specifically, no; that it was useful for his fund-raising purposes.

Q Is it fair to say, then, that your understanding was that Channell wanted the letter to assist his fund-raising for the resistance?

A Yes. I believe that he wanted to be able to show it to prospective donors, and thereby suggest an appreciation that the moneys that were being contributed were going to their intended purpose, and that he had a close relationship with Mr. Calero, and that anyone who contributed would be assured of helping the cause.

Q Do you know whether IBC received any fee from any organization or entity in connection with that authorization letter?

A No.

Q You don't know?

A I know of no such fee for such a letter.

Q Did there come a time, Mr. Gomez, when NEPL -- and I'll use that as the shorthand referring to the National

UNCLASSIFIED

Endowment for the Preservation of Liberty -- began to give money to IBC that was intended to be provided for assistance to the Nicaraguan resistance?

A Was there a time when NEPL began to provide money to IBC?

Q Right.

A Yes.

Q All right. Do you recall when you first became aware of the fact that the money that NEPL was giving to IBC was to be used for the resistance?

MR. PRECUP: Would you repeat that?

THE WITNESS: Are you asking when?

BY MR. KAPLAN:

Q I'm just trying to establish a foundation for the record as to when you first became aware that NEPL and IBC and IC, Inc. were part of a contra assistance funding network.

A Well, I didn't know about the rest of the so-called network, first of all. All I knew about from firsthand observation was the provision of contributions to Channell, Channell's providing those or parts thereof to IBC and IBC's transfer of those to IC, Inc., and instructions from IBC to IC, Inc. to disburse them. And when I learned of those transfers, I can't pinpoint; some time in mid to fall of 1985.

Q You mentioned a bit earlier today, I believe, that you were with North and Miller when North asked Miller for

UNCLASSIFIED

IBC's cooperation in this contra assistance network.

A He asked for our cooperation in assisting with the administration's policy.

Q Did you understand the cooperation that IBC was going to provide to be cooperation in the form of funneling funds to the contras?

A At a later point, yes.

Q When was the initial meeting that you described at which North asked for your cooperation in the administration's efforts in Nicaragua?

A Oh, that was early fall of 1984.

Q Early fall of 1984.

A Yes, when I first started dealing with him on a regular basis.

Q So I take it that at that time you understood that the cooperation he was asking was cooperation in connection with your activities under the State Department contracts then existing at the time?

A Correct, and beyond the State Department contracts. That is, doing things that necessarily were not covered by the State Department contract, like just the extra effort that it would take.

Q What kinds of extra effort or activities did you understand North to contemplate, and did you eventually perform with respect to his request for cooperation?

UNCLASSIFIED

A Well, sometimes rather than requests coming from the State Department to write something or to arrange a meeting or something, he would ask us to do it directly. And it's that kind of cooperation that I was referring to.

Q Did you perform those services under the auspices of your State Department contracts, or did you perform those services pro bono for North?

A It was pretty much pro bono sometimes. I can relate one specific instance where he said that he wanted to have some stickers or flyers printed for later distribution inside Nicaragua, and our reaction was, well, we don't do that. We never talked about it again. He asked us to do it, and we agreed that, well, we'll look at it or something to that effect.

Q Okay. All right.

A But that's the kind of thing, a request that he might make of us.

Q Do you recall the circumstances under which you first became aware that NEPL and IBC were engaged in a contra assistance network?

A I don't remember the exact circumstances or the date, but I can conclude that it had to be before the John Ramsey meeting.

Q Where do you place the John Ramsey meeting?

A Where do I place it?

UNCLASSIFIED

Q Right.

A In time?

Q Time-wise.

A Early '86 -- no, sorry. Early '85 or maybe late '84. I really can't be certain.

Q Who told you about this funneling of funds that was either going on or about to go on among NEPL, IBC and IC, Inc.?

A Mr. Miller.

Q Do you recall what he told you?

A Well, he explained what the relationship was and how it was to work; that is, that Channell would be obtaining contributions; that they would be sent to us and we would send them to IC, Inc. for disbursement.

Q How, to your knowledge, did IBC segregate payments relating to contra assistance from NEPL from payments for fees for services and expenditures from NEPL?

A I don't know. I was not involved in administrative matters.

Q Do you understand what I'm getting at?

A No.

Q You should state yes or no simply for the record.

A I said no.

Q Okay. During this period of contra assistance, I understand from your testimony and that of others NEPL also

UNCLASSIFIED

had a relationship with IBC in which it paid IBC a retainer for services and expenditures made on NEPL's behalf that didn't necessarily relate to contra assistance or the contra funding network.

A Correct.

Q I'm sorry. I probably haven't been terribly clear. But what I'm trying to get at is whether you're aware of how IBC segregated the payments from NEPL relating to contra assistance from those NEPL payments that related to retainer or other payments for services and expenditures made by IBC on NEPL's behalf.

A Well, I know that they were segregated, that we received a monthly retainer from Channell organizations, and that we were reimbursed for some expenses from Channell.

I believe that the contributions to the resistance cause were handled entirely separately from any retainer matter or retainer-related matter.

Q Do you know who determined the timing and amount of payments from NEPL to IBC for contra assistance?

A I assume Mr. Channell did.

Q Do you know or that's just an assumption that you made based on circumstances over time?

A It's based on circumstances over time. When he had money, he made it available. That's my impression.

Q Do you know whether Colonel North ever made a

UNCLASSIFIED

request of Channell or of someone at IBC for certain contra assistance payments?

A Yes.

Q Did he make such requests or give such instruction?

A I would characterize his communications as requests that he passed on to Mr. Miller or sometimes directly to Mr. Channell.

Q How did you become aware of North's request for contra assistance payments?

A Through Mr. Miller.

Q Do you recall any specific incidents of North requests for contra assistance payments?

A Yes. One in his office, and again, I am vague on the timing. But he seemed extremely frantic at the time, nervous, and he said that he had to pay -- he needed some money in order to pay an airplane dealer or supplier somewhere. I had the impression it was on the West Coast. And I don't remember the amount of money, but it was considerable, perhaps -- this is a guess -- three or four hundred thousand dollars.

Q Did North speak to you?

A Mr. Miller and I were both in his office when this was relayed to us.

Q Do you recall the purpose of your meting with North in his office at that time?

UNCLASSIFIED

A No. General discussion of the status of the resistance, where are they going, what kind of programs are they involved in, what are their needs and so on.

Q Do you recall when that meeting took place?

A It had to be in 1986. It seems like it might have been in the earlier half of '86, perhaps the spring.

Q Was anyone else in North's office with you at the time of that meeting and that request?

A I don't believe so.

MR. PRECUP: Other than Mr. Miller.

THE WITNESS: Other than Mr. Miller, yes.

BY MR. KAPLAN:

Q Were there any other instances in which you can recall that Mr. North conveyed a request for contra assistance money to either Miller or Channell or to yourself?

A I remember other instances of which requests had come from Mr. North, either to Mr. Miller or to Mr. Channell directly because they spoke directly with each other sometimes. And I learned about that through Mr. Miller. But I can't identify any specific need or amount or time, only that most of it was in the period from spring to summer of '86.

Q To your knowledge, what --

A Maybe winter to the summer is better.

Q Of 1986.

A 1986.

UNCLASSIFIED

Q To your knowledge, who other than you and Mr. Miller at IBC was involved with the contra funding network?

A Who else at IBC?

Q Yes.

A No one.

Q Did anyone else at IBC have knowledge of the contra funding network?

A No, not at the time. Only that an administrative assistance sometimes was involved in handling money, checks.

Q To your knowledge, who at NEPL had information about or was involved with the contra funding network?

A Well, certainly all of the fund-raisers knew what they were raising money for, and whether they knew of the precise disposition of the contributions, I have no way of knowing.

Q Can you state for the record who the fund-raisers at NEPL were at the time that you believe would have knowledge of the purpose of the fund-raising that they were doing?

A Cliff Smith, who had a title; I believe it was Director of Political Affairs, something like that, at NEPL.

[Privacy]

[redacted] was another fund-raiser. Jane McLaughlin. David Lane.

Q What about Kris Littledale?

A Oh, maybe that was the name. I'm confusing names. [redacted] is somebody else. ~~Chris~~ Kris Littledale, yes.

UNCLASSIFIED

I'm sorry.

Q So I take it that the name, [redacted] should be struck from--

A [redacted] should be--if there is such a person--should not be involved. I may know a [redacted] from some place.

Q That was my concern. To your knowledge, what did IBC do with the contra-assistance payments?

A They were received from NEPL and transferred to IC, Inc. where they remained until such time as Mr. North, Colonel North, instructed where they were to go. And I used the word "instruction" deliberately because neither Mr. Miller nor myself would ever know how to dispose of the resources, other than to take it, as our own initiative, and to do something with it.

Q Whose idea was it to transfer the funds from IBC to IC, Inc.?

A I believe it was Mr. Miller's.

Q Do you recall why he decided to put IC, Inc. into the contra-funding picture?

A Because it existed. Because it was convenient and fast. I, at the time, argued against it. I said why do we have to be a vehicle for NEPL?

Q Was there any reason why IBC itself didn't retain the money for distribution at Colonel North's instruction?

82-710 (482)

UNCLASSIFIED

A I don't know.

Q Did Mr. Miller ever express to you his preference for transferring the funds to IC, Inc. prior to ultimate distribution?

A Yes.

Q What did he tell you about that?

A I believe it had to do with the tax implications of handling large sums of money inside the United States. Also, for reasons of privacy, and convenience.

Q Can you be a little more precise about his concern about the tax implications of receiving large sums of money?

A Well, again, large sums of money would be handled by IBC, and IBC would have to explain it some time, or another, where the money came from and where it went.

Q But IBC handled those large sums of money anyhow, right?

A Yes, and he explained to me that this was considered a "pass-through," was the word he used. A pass-through, which would mean that the monies would not be taxable. In other words, they were not for our benefit.

Q Would it not have been the same pass-through if the money had just gone into IBC, and then been ultimately distributed to the recipients at the direction of Colonel North?

A That's a supposition.

UNCLASSIFIED

Q Did you ask him why one pass-through was different than the other?

A Yes. I probably did.

Q Do you recall what he responded?

A Oh, again, just the same explanation.

Q Did Miller tell you that he received any legal advice in connection with the pass-through distinction

A Yes. I believe he did. I believe he received accounting advice, tax advice, perhaps more than legal.

Q Did the accounting advice, to your knowledge, come from IBC's accountants?

A I believe so.

Q Were those accountants--

A It could have been somebody else. I don't know.

Q You don't know?

A No.

Q Okay. Did Miller explain to you, with any precision, his concern for privacy that would be fulfilled if the money was passed to IC, Inc. rather than distributed straight out of IBC?

A Yes.

Q Could you tell us a bit about what he said with respect to privacy.

A I can't say much more than what I already said, only that that was a concern, and that this particular bank

UNCLASSIFIED

was used to handling transfers in various directions, quickly, and, privately.

Q You mentioned a moment ago, that it was Colonel North who directed the ultimate distribution of the funds from IC, Inc. Did Colonel North also determine--I take it, then--the timing and the amount of funds that would go to particular recipients?

A I have no precise knowledge of any amounts involved, at any time. As far as the timing, yes. I sensed, as I related to you earlier, that there was urgency at various times, great concern to both raise and transfer funds.

Q All right. How was the ultimate distribution accomplished?

A My understanding is that Colonel North communicated with Mr. Miller, either personally, or by telephone, or some way, a request or an instruction to transfer whatever monies might be available--I cannot say a specific sum because it would be a function of how much was available, to a certain entity. That is all I know. Where the account numbers, or the names of the organizations came from, I have no idea.

Well, they obviously came from Colonel North, but I do not know about the steps involved in Mr. Miller's getting that information in order to carry out that step.

Q When you said that the particular names of the recipients and the account numbers obviously came from

UNCLASSIFIED

Colonel North, how do you know that?

A Because to my knowledge, Mr. Miller was dealing with no one else on this matter.

Q Do you know for a fact that Miller didn't instigate, or initiate the names and account numbers of the ultimate recipients?

A I don't know for a fact, no.

Q Did Miller ever tell you that North gave him the names and account numbers of the ultimate recipients?

A No. I said my understanding was that this information came from Colonel North. In fact I believe Mr. Miller told me that Colonel North had provided the information for the transfers.

Q Right. So the basis for your understanding was that Miller had told you that North was giving him this information?

A Yes.

Q All right. That North was also giving him the instructions or direction for the ultimate distribution. Is that correct?

A Correct.

Q Upon receipt of the instructions from Colonel North to distribute the money from IC, Inc., or, I take it there were one or two instances in which money was distributed directly from IBC, what did IBC then do, internally, to

UNCLASSIFIED

accomplish the transaction?

A Sent Telexes, or, in some instances, a written memorandum to the bank.

Q When you say "to the bank," for clarification of the record, you're referring to the bank in the Cayman Islands?

A Correct.

Q That was the bank at which IC, Inc. was holding accounts?

A Correct.

Q So there were actually instructions to the bank with respect to IC, Inc. accounts to which the money had been transferred?

A Correct.

MR. KAPLAN: I am going to ask the reporter to mark as the next-numbered exhibit a composite exhibit of a Telex and a letter from yourself and Mr. Miller to a Mr. David Piesing in the Cayman Islands.

[Whereupon, the document referred to was marked Gomez Deposition Exhibit No. 4 for identification.]

BY MR. KAPLAN:

Q I am not concerned about the specifics of this particular transaction. You'll note that the first two pages

UNCLASSIFIED

of the exhibit are the Telex, and the next two pages are a letter signed by you and Mr. Miller, that confirms the Telex.

All I want to ask you is whether you can identify Exhibit 4, that has been passed on to you by the reporter.

A Is this all Exhibit 4?

Q Right.

A Well, the Telex I don't recall ever seeing, nor do I ever recall seeing the term "freedom network" used. This is the first time I've seen this Telex.

Q What about the attached letter that's pages 3 and 4 of Exhibit 4?

A Yes. I signed this letter.

Q So I take it you have seen that letter?

A Well, I have to qualify the word "seen."

Q Is that your signature?

A That's my signature.

Q Did you typically review letters that were put in front of you for your signature?

A Not carefully. I glanced at them, and, at Mr. Miller's request, signed them, and that was it.

Q Is this the typical method which you described just a bit earlier in your testimony as to how distributions of money from IC, Inc. were accomplished upon receipt of instructions from Colonel North?

A Yes.

UNCLASSIFIED

Q To your knowledge, did Channell or Conrad have any knowledge of the ultimate disposition or distribution of the contra-assistance funds?

A I don't know to what extent they were aware of the final disposition.

Q You mentioned, a bit earlier, that you discussed with Miller at least the propriety of the contra-funding network in which IBC became involved, and you mentioned some of the substance of those conversations.

MR. KAPLAN: I am going to ask the reporter to mark as Deposition Exhibit No. 5 an exhibit provided to us, again, by your counsel, which is a typewritten exhibit entitled "Statutory Provisions on Contra Aid."

[Whereupon, the document referred to was marked Gomez Deposition Exhibit No. 5 for identification.]

BY MR. KAPLAN:

Q Do you recognize this exhibit?

A I've never seen it before.

Q Did you provide this exhibit to Mr. Miller?

A No. I don't believe so.

Q Is it possible that you provided a copy of Exhibit No. 5 to Mr. Miller?

A I don't remember. As far as I'm concerned, this is

UNCLASSIFIED

the first time I've seen this document.

Q To your knowledge, was anyone else aware, anyone else at the NSC, aware of the contra-assistance network that was being conducted by NEPL, IBC, IC, Inc. and Colonel North?

A I cannot say, for certain, whether anyone else was.

Q Do you have any information, or inkling, that there were others at the NSC who were knowledgeable of your network?

A Colonel North's secretary.

Q That's Fawn Hall, I take it?

A Fawn Hall. And that's merely supposition on my part because she was involved in messages, and meetings.

Q Did you yourself ever speak with Ms. Hall about any items of detail relating to the contra-assistance network?

A No.

Q Are you aware as to whether Rich Miller spoke with Ms. Hall about such details?

A No.

Q But I take it that IBC received phone calls from Ms. Hall relating either details or instructions, or messages from North relating to the contra-assistance network, is that right?

A Yes.

Q Are you aware of anyone else at the White House who was knowledgeable about the contra-assistance network?

A Well, I'm sorry, but you continue to use the term

UNCLASSIFIED

"network" and--

Q Right. That's correct. By using the term--

A --that suggests a larger enterprise, and what I know about is IBC, NEPL, and Colonel North's office.

Q When I use the phrase "contra-assistance network" in the context of this deposition, what I'm referring to is the NEPL, IBC, IC, Inc., and North contra-assistance--

A Network.

MR. PRECUP: Activities.

MR. KAPLAN: --activities, that were being conducted between the spring of 1985 and the fall of 1986.

THE WITNESS: There were other people in the White House who were aware of the fund raising, but I do not believe were aware of the disposition of the funds.

BY MR. KAPLAN:

Q Who, to your knowledge, at the White House, was aware of the fund-raising aspect?

A Well, there were a number of people who participated in briefings that were related to the fund-raising effort, including Mary Masing who was then in the Office of Public Affairs, and her predecessor, Linda Chavez. Pat Buchanan. Linas Kojelis, also in Public Affairs. Public Liaison. I'm sorry. That should be Office of Public Liaison. And other names escape me at this time, but there are surely others who, at one time or another, learned of, or were involved in the briefings.

Q Can you simply describe, to create a more clear record, what you mean when you say that there were persons at the White House who were aware of the fund-raising aspect of the NEPL, IBC, IC, Inc. network?

A Well, the briefings I believe--I never made a presentation myself, or acted on behalf of NEPL, or Mr. Channell, or any of those people with respect to a briefing at the White House. So what I'm relating to you is, again, something that I've gathered over time through a series of conversations.

But the procedure was to have a briefing at the White House wherein Colonel North would make his presentation about the plight of the resistance, and then the guests would repair to the Hay-Adams Hotel where they would be solicited.

I believe that in the context of arranging for the briefings, it was related to persons involved in facilitating those briefings, that this was part of a fund-raising effort, in order to justify the trouble. That this was part of the outside-assistance efforts that were being undertaken by a variety of groups.

I'm sure that in one or more instances, this case was made very clear to people, and so far as it related to fund raising for advertising, announcements, the so-called Central American Freedom Program which was a rather major undertaking on the part of the NEPL group and IBC.

So I believe that people knew about the ultimate purpose of those meetings at least, if not others.

Q To your knowledge, was Elliott Abrams aware of the contra-funding network that we've been discussing?

A No. He was aware of the fund raising but not of the disposition because he participated in the briefing at the White House, and spoke to the assembled group, but I think he did so ingenuously, or unwittingly. If there was any question of fund raising, and so on, he was not a party to it.

Q Is it fair to say, Mr. Gomez, that those persons who were aware of the fund-raising aspect of the network knew that they were participating in such fund raising by their presence, or presentations at the White House briefings that were set up by NEPL and IBC?

A People at the White House were aware of the fund raising?

Q Yes.

A I have no direct knowledge that they were aware. It is an assumption, on my part, that in--whoever explained to them the reasons for having such a briefing, explained that these persons were contributors to a particular program, or cause.

Q The point I'm just trying to pin down is with respect to your knowledge or understanding. Did you under-

UNCLASSIFIED

stand that the persons at the White House who participated in the briefings for NEPL contributors, or potential contributors, knew at the time that they were participating in a fund-raising endeavor?

A I had no first-hand knowledge of that.

Q But I take it that is your understanding?

A It's my understanding that--

Q I'm going to ask you on what you base that understanding.

A Conversations with people about the efforts to arrange the meetings.

Q When you say "conversations with people," are you referring to people at the White House?

A No. I'm referring to Mr. Miller and Mr. Channell.

Q Are you referring to conversations with Channell and Miller about their conversations with persons at the White House?

A Yes.

Q On the basis of those conversations, and the circumstances, you arrived at an understanding that the persons in the White House who participated in these NEPL briefings for contributors, or potential contributors, knew that they were engaging in some fund-raising endeavor?

A Yes. Some of them. I could not say all of them.

Q Could you say which ones you believed were know-

UNCLASSIFIED

ledgeable participants in a fund-raising endeavor?

A I could not be specific about it because it's second- and third-hand information. It's just my general sense is that it was understood that these people were raising money to assist the advancement of the Administration's policies in Central America.

Q Did you ever participate in preparing any memoranda that were circulated within the White House arranging these briefings for NEPL contributors or potential contributors?

A I may have seen a memorandum to that effect written by Colonel North, or someone in the Office of Public Liaison, but do not recall originating, drafting, contributing to any such memoranda.

Q Could you describe any participation that you had in arranging the White House briefings that occurred in June 1985, October 1985, November 1985, January 1986, among others.

A Yes. I held telephone conversations with Colonel North, probably attended a meeting or two, maybe more, with him in that regard, on behalf either of IBC, Mr. Miller or Mr. Channell. But this had to do with coordinating dates, making sure that invitations to attend were sent out on a timely basis, that sort of thing. My relationship with respect to those briefings changed over time. My sense is that at the outset, Mr. Miller and I worked closely with Colonel North arranging for those briefings, and then, as experience was acquired, both Mr. Miller and I took a back seat, and we were told when the briefings were going to be arranged.

Q To whom did you take a back seat?

A I believe to Mr. Channell. He, or Mr. Conrad, began dealing more directly with Colonel North.

Q Were you involved in the participation of the President in the January 1986 briefing?

A I was involved to the extent that I knew that a request had been made of him to participate.

Q Who made that request?

A Well, Mr. Channell originated the request. He always wanted the President to endorse his programs because it was useful for his fund-raising purposes.

Q Did you help to arrange the President's presence in any fashion?

A No. I attended the briefing. I was told when it was, where it was, and I went there.

Q Were you aware that certain NEPL contributors had one-on-one meetings with the President over time?

A I have heard since that time, that such meetings took place.

Q Did you have any involvement in arranging those meetings with the President?

A No.

Q Were you aware that North had one-on-one meetings with certain NEPL contributors over time?

A I learned shortly after--I don't know how many weeks or days--that North had individual meetings with contributors or potential contributors.

Q Did you help to arrange any of those meetings?

A No.

MR. KAPLAN: This probably is a good time to break.

[Brief recess.]

BY MR. KAPLAN:

T4 Q We were talking, right before we took a break, about various White House briefings that were arranged, at least in part by IBC for NEPL contributors or potential contributors.

Did there come a time when an individual named David Fischer began to perform services for IBC and NEPL in arranging these White House briefings?

A Yes.

Q Do you recall when that association began?

A It'd be in the fall of 1985.

Q When did you first meet Mr. Fischer?

A The fall of 1985.

Q What was your understanding as to the services that were to be performed by Fischer for NEPL and/or IBC?

A Well, initially, I understood that his responsibilities were to lie almost exclusively in relationships

UNCLASSIFIED

with the White House, that is, assisting and obtaining letters, obtaining appointments, and access, basically.

Q On what did you base that understanding?

A And also counsel on how the White House would behave or react to certain proposals--you know--the whole business. I'm sorry.

Q On what did you base that understanding?

A Conversations with Mr. Miller and with Mr. Fischer.

Q Were you involved in the initial dealings, if you will, among IBC and Mr. Fischer and Mr. Artiano, with respect to the development of a professional relationship?

A I recall attending one meeting, or a part of one meeting at our offices with Mr. Artiano, Mr. Fischer, and Mr. Miller.

Q Did this meeting occur at a time prior to the formalization of the business relationship?

A Yes. It must have been around November of December of 1985.

Q Do you recall the substance of that meeting?

A No. I don't think I stayed for the entire meeting. I greeted them. Or the meeting had been very brief. I remember discussing the responsibilities, what the organization was looking for. Fees. But that's about all.

Q When did you first meet Artiano?

A I believe at that time.

UNCLASSIFIED

Q Do you recall the basis for the fees that were to be charged by Fischer and Artiano for performing these White House access functions?

A There was discussion of a monthly retainer. There was also a discussion of a fee per meeting with the President, or involving the President, but I don't recall the specifics, that is, amounts of money.

Q When do you recall the discussion of the fee per meeting with the President?

A That was fairly early on, November, December of 1985.

Q Do you understand that that became the basis of the payments for the business relationship between Fischer, Artiano and IBC?

A Yes.

Q Do you recall what the amount of fees charged were?

A No. I only recall discussion by these men of interests or concerns of Mr. Channell to pay whatever it took, or something to that effect, and there was some talk that he was prepared to offer as much as--a retainer as much as $25,000 a month, and for what period I don't know. When it was starting, I don't know.

Q Was there a discussion also as to what amount Channell would pay per meeting arranged with the President or involving the President?

UNCLASSIFIED

A My memory is sketchy on that and perhaps clouded, also, because of news accounts since that time, and so I couldn't give a specific response. I remember--well, what I just said.

Q Is it fair to say, then, that your understanding is that Fischer and Artiano were being paid on the basis of meetings arranged with the President, or which involved the President?

A That's only partially true. I know that payment in relationship to meetings was discussed and agreed upon. Whether that was--there were other duties to be performed, I think is rather clear. That it was not based solely on meetings with the President.

Q But at least a portion of the fees that they were paid was based on the number of meetings that they could successfully arrange with the President, or involving the President?

A I don't know what the proportion is, or the portion.

Q But that was your understanding?

A That was my understanding.

Q Your understanding was based on conversations with Miller?

A With Miller, and parts of meetings that I attended, or a meeting. I believe I attended one meeting with Mr. Fischer and Mr. Artiano, and I left early.

UNCLASSIFIED

Q That meeting, I take it then, is the one you described earlier involving Fischer, Artiano, Miller, Channell, and yourself?

A Yes. Well, Channell, I don't believe was there. I don't recall ever being in a meeting with Artiano, Channell, Miller and Fischer.

Q Okay.

A And as I recall, this meeting was exploratory. They were finding, looking for a mechanism, and establishing relationships.

Q Was there any subsequent conversations that you had with anybody, which confirmed the understanding that you had, that Fischer and Artiano were being paid, at least in part, based on the number of presidential meetings that they could arrange?

A Did I attend any of the meetings in that regard or any other--

Q Well, did you have any other conversations which confirmed that understanding?

A I heard references to payment for meetings in the context of payment for other services as well.

Q Who made those references?

A Channell. Miller. Fischer.

Q I take it that the references of payments for meetings were indeed references that led you to believe, or confirmed your understanding that Fischer and Artiano were being paid to arrange meetings with the President, or that involved the President?

A Among other things.

Q Okay. Did you, Mr. Gomez, have any involvement or knowledge of solicitations of money intended for the purchase of lethal supplies for the contras?

A You asked--again.

MR. PRECUP: Would you repeat the question, please.

MR. KAPLAN: Sure. I asked whether you had any involvement in, or have any knowledge of solicitations intended for the purchase of lethal supplies for the contras.

THE WITNESS: I don't recall any solicitations specifically for lethal weapons. I do recall some contributors mentioning that they would like to contribute to purchase lethal weapons, but that was not in the context of a solicitation. It was their expression of their--the intensity of their desire to do something to help the cause.

BY MR. KAPLAN:

Q To which contributors are you referring?

A Well, I believe Mr. Ramsey may have mentioned once buying--or providing money to buy a surface-to-air missile.

Q Anyone else?

A I can't remember some of the names of people that I may have sat next to at a dinner, or something, who expressed

UNCLASSIFIED

something to that effect.

Q Were you involved in any way with the solicitation of Mr. Ramsey in June of 1985, which resulted in his payment of $10,000 to an account controlled by Alfonso Rubelo?

A No. I wasn't involved. I know that he was in touch with Mr. Miller and Mr. Channell around that time. I also had a sense that Mr. Rubelo had some particular needs at that time, but I was not involved.

Q Do you know anything about a solicitation of Nelson Bunker Hunt that occurred in September of 1985 in Dallas?

A I only heard that Mr. Channell and perhaps others of his group were going to Dallas.

Q Did you hear anything about what happened in Dallas?

A I believe Mr. Calero was going to be there. I believe that Mr. Hunt was having his own event of some kind, that somehow Mr. Channell and/or Mr. Calero were going to participate in, but that's the extent of my knowledge.

Q Were you ever asked to help prepare a list of arms, or any other lethal supplies for use in solicitations of particular contributors?

A Yes.

Q Can you describe your participation in those activities.

A Yes. Mr. Channell told us--Mr. Miller and myself--that a lot of the contributors wanted to have a sense of the

UNCLASSIFIED

equivalent of what their contributions might mean in terms of hardware. They wanted to be assured that if they gave $25,000 that might be enough to buy x, y, or z. And so we were asked to try to attach some dollar amounts to certain weaponry.

I either received a sheet of paper that had such weapons and amounts--things like--I mean, maybe they weren't just weapons or lethal equipment, but also boots, and so on. I don't recall what was on the list.

Q From whom did you receive that list?

A I believe it was from Colonel North.

Q Did you request the list from North?

A Probably.

Q Was North aware, to your knowledge, that the list was going to be used in fund raising by NEPL, or others?

A I believe he was.

Q Do you recall when the request to North was made, or when he provided that list to you?

A It seems like the spring of '86, or winter of '86.

Q Okay. Are you aware of any other arms lists, or lethal-supply purchase lists that were created during your time at IBC?

A No. I believe that's the only one.

Q What did you do with the list that you received from North?

UNCLASSIFIED

A Gave it to Mr. Miller.

Q Do you know what Miller did with the list?

A I presume he gave it to Mr. Channell. I was caught in the middle on this. The request for such a list, I understand, had been made to Mr. Miller, and he asked me to either call North and find out what I could get, and I believe he was out of town, or otherwise unavailable, and so I got involved at that stage.

Q Did you ever hear from anybody the results of the solicitation of Nelson Bunker Hunt that took place in Dallas in September 1985?

A I remember some discussion about Bunker Hunt having financial difficulties, and I had read in the paper at the time about his silver problems, and that there was some disappointment regarding the fruitfulness of that visit to Dallas.

Q Were you ever in North's office when he made a call to Hunt?

A I can't say for certain that I was not. I do recall one time in his office, at least once, where he called somebody, someone whose name I would remember--recognize, not remember--and I can't say for certain that that was Mr. Hunt.

Q Did you participate at all in any solicitation of funds from Barbara Newington?

A No.

UNCLASSIFIED

Q Did you participate at all in any solicitation of funds from William O'Boyle?

A No.

Q Did you participate at all on any solicitation of funds from Ellen Garwood?

A No.

Q Did you participate at all in any solicitation of funds from Fred Sacher?

A Yes.

Q All right. Can you describe your participation in the solicitation of Mr. Sacher.

A All right. I had met Mr. Sacher in one of the briefings and we sat next to each--or at one of the dinners. We sat next to each other, and he was, expressed his great concern about the media, and how the media were portraying events in Central America.

Later, I heard from either, directly from Mr. Channell, or through Mr. Miller from Mr. Channell, that Mr. Sacher was interested in contributing to a public-information effort.

Shortly thereafter, Mr. Channell asked me to put together some thoughts on a kind of a program which could be carried out in the United States to achieve more--a better understanding of the situation of the resistance, and the nature of the Sandinista regime, which I did. I prepared it.

UNCLASSIFIED

I believe my first draft, they didn't like, so they asked me to change it, and it became bigger. They forwarded it to him and he sent it back, or gave them some comments, and then, eventually, there was a piece of paper on which a solicitation for contributions would be based.

That led to a subsequent dinner, a briefing first and then a dinner, I believe, at which solicitations were made for that very program, and that was in effect the beginning of the program.

And I do not recall soliciting. I recall participating in the preparation of the program, or designing an information program, and justifying the costs, and the nature of the program. But I don't recall exactly where--wait. There was a dinner with Sacher, I believe at the Hay-Adams.

Q Do you recall when that dinner occurred?

A Oh, my gosh.

Q Was it some time during the fall of 1985?

A It had to be in the fall, but more precise than that, I know it was cold, it could have been November, and I know that it also precedes the January meeting at the White House at which the President spoke, because that was really the kickoff of the whole effort.

Q Right.

A And at that time, Mr. Channell, at the dinner, Mr. Channell made a pretty hard pitch for a lot of money. I

UNCLASSIFIED

forget the amount but it was over a million dollars.

Q Do you recall what the result of Mr. Channell's pitch was?

A I don't remember whether he agreed to give something that night, or whether he was going to sleep on it, and they were going to meet again the next day. I believe the latter is what actually happened. And whether he even got a commitment the next day, I don't know. My sense is that they continued to deal with each other by telephone after that.

Q Do you recall a phone conversation or a meeting with North in September of 1985 in which Mr. Sacher was discussed?

A Yes.

Q Can you tell us what your recollection is of the substance of that conversation.

A I believe Mr. Channell may have been in the room--i can't be certain--and I believe that he asked Mr. North to contact Sacher directly, Mr. Sacher directly, by telephone, to make a case to him.

Q Where did the meeting take place?

A I believe it was in North's office.

Q Okay. Do you recall having told North that Sacher approaches $500,000?

A Me telling North?

Q Yes.

MR. PRECUP: Approaches?

UNCLASSIFIED

THE WITNESS: Approaches?

MR. KAPLAN: Right.

THE WITNESS: What do you mean? That his contribution could be that amount?

MR. KAPLAN: Right.

THE WITNESS: I don't recall it but it's possible.

BY MR. KAPLAN:

Q Do you recall having discussed with North--

A I'm sorry.

Q Go ahead.

A Mr. Channell may have described Mr. Sacher's contribution potential to me, and I was relaying that to Colonel North.

Q Do you recall a conversation with North in which Sacher was discussed also in the context of Cable News Network, or "Nightline" or "20/20", and other television programs?

A No. If you could expand on your question, I might be able to help you.

Q Did you have any other substantive conversations with North about your dealings with Sacher?

A Perhaps only substantive in regard to the nature of the program that he was interested in conducting, or seeing conducted, and the approximate cost of such a program, and, again, I shouldn't use the word "perhaps" because I'm really

UNCLASSIFIED

trying to be as helpful as I can.

The eventuality of a briefing in which the program would be presented.

Q Did you participate in a solicitation of funds for the contras from any other individuals?

A Well, I was in the room at the Hay-Adams where solicitations were made, so that was a roomful of people.

Q What about more private solicitations than the roomful of people?

A Yes. In June of 1985, Mr. Channell told me that he wanted me to accompany him to Miami with Mr. Conrad in order to provide Mr. Calero with some training in public speaking, for him to polish his presentation that he made to organizations, for him to improve his image and his impact. And I said fine, and we set the date, and I later learned that Mr. Sacher was going to be in Miami at the same time.

I don't know how long before I learned that. And we got to Miami and Mr. Channell contacted Mr. Sacher and arranged for Mr. Sacher to meet at the Calero home. And at that time Mr. Calero's brother either showed up, or was already there, and Channell wanted to solicit Sacher for something, and I don't know what it was.

But in the context of their conversations, it was learned that there was a plane in Fort Lauderdale. I don't know much about military matters so I can't say what kind of

UNCLASSIFIED

plane it was, only that it had four engines. And that they wanted to buy it, "they" meaning the brothers Calero.

And Channell seized on that and said, "Let's go see the plane, Fred," or something to that effect. So we went out there and looked at this plane.

And later that evening at a restaurant, Channell made a pitch to -- did I say Sacher?

Q Yes.

A Oh, I'm sorry. It's not Sacher. It's John Ramsey. I'm sorry, please. It's John Ramsey who was in Miami, and he made a pitch to John Ramsey to pay for the plane.

Q Do you know the result of that pitch?

A Ramsey did not want to. It was a negative.

Q All right. You testified a few minutes earlier that you don't recall having helped to arrange any one-on-one meetings between North and NEPL contributors or potential contributors. If I can be a bit more specific, do you recall calling North to request a briefing for a particular Channell contributor in August of 1985?

A A briefing for an individual?

Q Yes.

A I may have done so, but I don't recall who the individual was, and I don't recall the conversation.

Q Do you recall discussing Mrs. Newington during the same time period with Colonel North?

UNCLASSIFIED

A Yes.

Q What do you recall about the substance of that conversation?

A Not very much. Mrs. Newington's name had come up numerous times because I think Channell regarded her as a significant contributor. And Channell and Miller had had conversations about her, as had Colonel North. And at that time, I believe Mr. Miller was on vacation or out of town, and I was asked to step in again. And I probably asked something about, Are you going to meet with Mrs. Newington, or When is Mrs. Newington coming to town? I later learned that Colonel North went to Connecticut to meet with her. But I believe by the time they met, Mr. Miller was back and made the trip also.

Q Are you aware of the designation of a project called a toys project that was kept in NEPL?

A I only became aware of it when I read about it in the newspaper.

Q So you never heard the phrase "toys project" used by any NEPL employee or associate or IBC employee or associate --

A Never.

Q -- prior to the public disclosure this year?

A Never.

Q Mr. Gomez, what's your understanding as to the

UNCLASSIFIED

intended purpose of the contra assistance payments that were being made as part of what I'm referring to as the shorthand as contra assistance funding network?

A Well, my understanding from the outset was that it was to be for non-lethal purposes; that because of the suspension of U.S. aid, the resistance were in very difficult circumstances. And I visited refugee camps and the main base camp of the resistance and was able to see for myself the conditions under which people were living, and was told by both the resistance leaders as well as individuals -- peasants and fighters -- what their needs were. It was very apparent. They lacked medicine, food, boots, clothing, everything.

Colonel North, when the relationship began and we started talking about assistance to the resistance, never mentioned anything but aid to provide for basic needs to keep this group alive. And in a series of conversations that I had with Mr. Miller, I wanted to be assured myself that we were not providing any money for weapons -- non-lethal -- and I received those assurances.

Q Why did you seek those assurances?

A Because I wanted to be sure that I was not party to any violation of the Neutrality Act.

Q Now, you testified a moment ago that that was your initial understanding. Did your understanding change over time as to the intended purpose of the contra assistance payments or solicitations?

A Slightly. That is because later I heard talk about, well, one, this list of weapons, and my understanding of that was that was a way to elicit contributions, and that that would not be the final purpose to which the money would be put; but, rather, that that was a means to get money which would then be provided for general support or for non-lethal assistance of whatever kind. It was not my understanding moneys received through the Channell fund-raising efforts were to go for lethal equipment.

Q Were you at the time --

A Although I could never be assured of that because I didn't know where the money was going. I was told that, in fact, moneys were going to provide assistance to various groups, information, political support, general support, and including operation for a little girl who had her arm shot or somebody else that needed an operation on a leg or whatever. That kind of thing -- political activity, information activity and general assistance.

Q Were you ever told about particular solicitations in which this arms list that you described or other arms lists were used to solicit money from certain individuals?

A The arms list, how that was used to solicit?

Q Right.

UNCLASSIFIED

A And what was the disposition of the funds?

Q Yes.

A No.

Q So it's fair to say that there were a number of individual solicitations that resulted in sizable contributions that you were not aware of the substance of those solicitations?

A No.

Q Or the disposition of those contributions?

A No.

Q When you say no, I take it that your response is that, in fact, it is fair to say that that's the case with respect to your knowledge.

A Yes. In fact, when I was asked to sign some of the disbursements from IC, Inc. to various places, I asked Mr. Miller, "Where is this going?" And in some instances, he said he didn't know. In other instances, he said, well, this is $100,000 for so-and-so who is going to use it for education programs; or this is to help another group which I thought was fine.

Q What is your current understanding as to the intended purpose of the contra assistance payments that were being made by NEPL to IBC?

MR. PRECUP: Let me see if I understand your question before the witness answers.

UNCLASSIFIED

You are asking him as of today what his understanding is, including all the newspapers and general publicity of the hearings here?

MR. KAPLAN: That's correct. Basically, I think what we have on the record is that early on he received a number of assurances that the money was going to be used for humanitarian or non-lethal purposes. As time continued, I believe that Mr. Gomez's testimony was that he began to have a few doubts, but he could never know for sure because he didn't know who the recipients were and he didn't know of particular solicitations and he didn't know the disposition, the ultimately disposition of the proceeds. And I was just continuing the progression up to the present to ask whether on any basis he's arrived at a different understanding today than his latest one as to what the disposition or intended purpose of those payments were.

THE WITNESS: Well, I'd like to go back to my answer to your previous question because it helps explain my mindset at the time when I believed that we were working primarily or exclusively on non-lethal matters.

That is, that I had heard reports in the media of contributions from other countries and from other individuals which provided for weaponry, for lethal purposes. Therefore, it was my understanding that our role was to provide for the humanitarian side of things.

UNCLASSIFIED

Now, with respect to the ultimate use of the moneys and what I know and understand today, I believe that a large part of the moneys that were raised did go to the purposes that we understood that they were going to; that is, non-lethal. However, I learned from reading the press that some moneys were transferred -- and I don't remember the amounts -- to Lake Resources. And I, of course, didn't remember what Lake Resources was, but it has since become evidence that Lake Resources was a company operated by people who were involved in supplying or purchasing weapons. And I was shocked when I learned that.

BY MR. KAPLAN:

Q You mentioned a bit earlier in your testimony that you were concerned about the potential that some of these funds might be going for lethal supplies because of your concerns about the Neutrality Act. How did you develop an understanding of and concern for potential violations of the Neutrality Act?

A Well, questions about the Neutrality Act had surfaced in the media very early on, shortly after the suspension of official U.S. assistance. And so there was a lot of discussion about it. I just wanted to be sure that we were not dealing in weapons.

Q Did you ever seek legal advice with respect to the Neutrality Act?

UNCLASSIFIED

A No, but I asked Mr. Miller whether he had.

Q What was his response?

A Yes, but I don't know if that was related specifically to the Neutrality Act.

Q Do you recall when this conversation about the Neutrality Act and other legal implications took place?

A Probably in spring or winter of 1986.

Q Now, was this a conversation that took place as part of your expression to Mr. Miller of reservations you had about the contra assistance network in which IBC was engaged?

A Yes.

Q Now, you signed a number of letters that transferred funds to Lake Resources, among others, and as you testified earlier this morning, those letters were signed at Mr. Miller's request and at Colonel North's prior instruction or direction.

A To Mr. Miller.

Q To Mr. Miller. That's correct.

Did you ever ask Mr. Miller what Lake Resources was?

A I believe I did. I probably asked him what other places, other things were, too, but he didn't know. And we assumed that it was an account which was either controlled by or made accessible to -- that is, the funds in them would be made accessible to the resistance.

Q There was a sizable amount of funds that went from

UNCLASSIFIED

IBC and IC, Inc. to Lake Resources. I'm sure you noticed that over time.

A Yes.

Q Did you press Mr. Miller or did you ever have a discussion with him or North as to what Lake Resources was?

A First of all, I never discussed any of the funds transfers with Colonel North.

Q Okay. I think that's important to clarify for the record.

A I did discuss it with Mr. Miller. I asked him if he knew what Lake Resources and some of the other groups were, and he said he didn't know. And I don't recall whether I went any further than that, after having been reassured by Mr. Miller that, again, his understanding that these moneys were not going for legal purposes; and also that we could not be held accountable for the funds once they were transferred.

In other words, I believe what he said, if I can paraphrase it, was, well, once it leaves our hands we don't know what happens to the money; therefore, it shouldn't be of concern to us.

Q Did you ever discuss the contra assistance network with David Fischer?

A No.

Q Did you ever discuss it with Marty Artiano?

A No.

UNCLASSIFIED

Q Are you aware that in February of 1987 IBC prepared a report for NEPL relating to so-called program expenditures for the years 1985 and 1986?

A I was aware of it.

Q Were you involved in the preparation of the report?

A No.

Q Did you review the report prior to its being delivered to NEPL?

A I don't recall having reviewed it.

Q Have you reviewed the report since?

A No. I don't believe I've ever seen it.

Oh, wait a minute. February '87...I didn't review it. It was not even shown to me, as I recall.

Q Have you reviewed it since it was issued?

A No.

Q How did you become aware of the existence of the report?

A Mr. Miller told me he was preparing it.

Q Did you read about the report in the press after it was disclosed?

A Yes.

Q Did you ask Mr. Miller or anyone else to review a copy of the report after having read of these press disclosures?

A No.

UNCLASSIFIED

Q Did you discuss any conclusions drawn on the report with Mr. Miller?

A Yes. We discussed it once or twice.

Q Do you recall the substance of those discussions?

A Well, he was very concerned about accounting for every cent that was received and disbursed under the Channell relationship because in the haste to carry out programs or projects, a lot of things fell through the cracks. And our record-keeping was not as good as it should have been, and he wanted to be sure that he had a record, to his best ability to compile that record. That was it.

I do recall him telling me that he had received letters from organizations in which it stated that they had received moneys. I never saw the letters. I know that he felt reassured by that.

Q Did you ever have occasion to discuss that report with Channell?

A No.

Q With Conrad?

A I have not talked to them for a long time.

Q Did there come a time, Mr. Gomez, when IBC began to deduct ten percent of the contra assistance payments for the personal benefit of you and Mr. Miller?

A Yes, although I wouldn't characterize it as for the personal benefit of both of us.

UNCLASSIFIED

Q Well, why don't you first tell me when the ten percent began to be deducted from the contra assistance payments?

A I don't remember exactly when it was. Late spring or early summer of '86.

Q How would you characterize the ten percent deduction?

A Well, as I mentioned a few minutes ago, we had been conducting programs at a rather frantic pace for well over a year, and our sense all throughout that period was that we were not being compensated adequately for our services. We often talked, Rich Miller and myself talked about that because we had put on a large number of staff and were paying for large numbers of services. I noted that we didn't have an accurate understanding of how much money was coming in and how much was going out, and I was concerned about that.

Mr. Miller approached Mr. Channell about increasing our retainer and was denied. So I was told by Mr. Miller around this time that he had discussed with Colonel North taking part of that, whatever it was, ten percent, and putting it aside for us to later use in defraying operation expenses. That's it.

Q Do you recall when Miller told you he had had that conversation with North?

A I don't remember the date, no.

UNCLASSIFIED

Q Is it possible that it was some time late in 1985?

A It's possible. I remember that the subject had come up. Before it was actually begun, the subject had been raised because...

Q To your knowledge, was there a time when the ten percent began to be deducted as a paper matter prior to the actual deductions themselves?

A I cannot give you any information on those details.

Q Okay. You mentioned in your previous answer that the subject began to be discussed because, and then I think I might have cut you off. Would you continue that answer?

A Well, I was concerned about the large staff and the large number of expenditures that we were encountering. At this time, I was not very involved in the Channell matter. I was doing other things. And it was just a concern.

I believe that Mr. Miller raised the idea of the possibility of compensation with Colonel North some months before it actually happened. In other words, this is something that is an idea that arose and which was in the back of some people's minds until it was later decided to go ahead.

Q Did North approve the idea?

A I was told by Mr. Miller that North approved the idea. He conveyed to me Colonel North's great appreciation for what we were doing, the risks that we were taking, and

UNCLASSIFIED

the costs that we were bearing to carry out these programs.

Q When you say that there were significant program expenditures and staffing that was required, which programs are you referring to when you talk about the expenditures and the staffing?

A NEPL, the public information campaigns.

Q Did these expenditures or staffing, though, have anything to do necessarily with the contra funding network?

MR. PRECUP: Necessarily?

MR. KAPLAN: I will take that amendment to my question.

BY MR. KAPLAN:

Q Did the expenditures and staffing have anything to do with the contra assistance network that was being conducted by NEPL, IBC and IC, Inc.?

A I would say something to do with it, but not entirely. Most of the work, the effort at that time was for a public information program, a general support to NEPL. They made many requests of us for information, for services, for publications, for research, for many things that you cannot necessarily separate from what is public information and other assistance to the NEPL group from the fund-raising and transfers.

Q Was it your understanding that the ten percent that was being deducted from the contra assistance payments was

UNCLASSIFIED

additional compensation for all of the activities that IBC was conducting across the board for NEPL?

A It wasn't explained to me that way. It was just compensation for services, additional compensation over and above the monthly retained which we always regarded as inadequate.

Q The services we're talking about are the total array of services that IBC was performing on NEPL's behalf, not just the services or expenditures relating to the contra assistance network.

A It was never put to me in those terms. In hindsight, it looks like that was the way it was.

Q When was World Affairs Counselors, Inc. established?

A I think in the summer of '86.

Q What's your understanding as to why World Affairs was established?

A I believe Mr. Miller told me that it was to provide a separate account to which moneys could be transferred from IC, Inc., and which would on the basis of need revert back to Gomez International and Miller Communications.

Q Did North approve, to your knowledge, of the formation of World Affairs Counselors?

A According to Mr. Miller, yes.

Q To your knowledge, did North suggest the formation of World Affairs Counselors?

UNCLASSIFIED

A I don't know where the initiative for it came.

Q Was Channell ever told or Conrad ever told about the ten percent deduction that was being made of the contra assistance payments?

A I was told by Mr. Miller that he had discussed it with Mr. Channell, but after the fact.

Q Do you recall when Miller told you about his discussion with Channell about this ten percent deduction?

A I can't recall exactly when it was. I would say fall of last year, maybe a year ago. Less than a year.

Q Did Miller relate to you any reaction that Channell had?

A Yes. He said that Mr. Channell thought it was acceptable.

Q Is it fair to say that you felt entitled to this ten percent deduction because of the variety of services that you were conducting on behalf of NEPL?

A Yes.

Q Is it also fair to say that you had no doubt that North had complete authority to authorize the ten percent deduction of the contra assistance payments?

A Our belief was that once the money reached IC, Inc. we could not dispose of it without Colonel North's concurrence or direction.

Q Was it your understanding that North had complete

UNCLASSIFIED

discretion or control over the contra assistance payments once they reached IC, Inc.?

A To say complete control may be going too far, because --

Q How would you describe it?

A I believed that we had the option at any time to return the money to anybody that provided it -- that is, back to Channell -- to close the account and to close shop. But as far as where the money went and when it went and how much went, that was 100 percent Colonel North's call.

Q Is that the basis on which you felt that he could authorize to you the additional ten percent deduction from the contra assistance payments?

A That's part of it.

Q Do you want to explain what the other parts were?

A Well, the sense that we had was that once the money was there it was at his disposal, and our disposal insofar as the procedures to be followed in handling transfers. Mr. Miller could have, in effect, written himself a check on that money, and no one would have been the wiser. We could have done it without Colonel North's concurrence or awareness.

So when you say did it solely depend on Colonel North, I would say no, it did not. But it was a major factor.

Q Is it fair to say that you wouldn't have started to deduct the ten percent without Colonel North's approval?

UNCLASSIFIED

A That's fair.

Q Was World Affairs Counselors set up, at least in your mind, primarily to receive the ten percent deduction of the payments that were transferred from IBC to IC, Inc.?

A Yes.

Q Other than this ten percent deduction or payments to World Affairs Counselors, did you receive any benefits from the provisions of monetary assistance to the resistance?

A No.

Q Are you aware of anyone else receiving or deriving any benefit from the contra assistance funding network?

A No.

MR. PRECUP: Apart from the contras?

MR. KAPLAN: Apart from the contras and apart from any cut of contributions that NEPL might have taken prior to passing them on to IBC.

THE WITNESS: No.

MR. KAPLAN: I think this is a good time to break for lunch.

[Luncheon recess.]

BY MR. KAPLAN:

Q When was the Institute for North-South Issues created?

A I don't remember the exact date when it was formally recorded in the District of Columbia, but early '84.

UNCLASSIFIED

Q Was it some time after your retirement from the State Department?

A Yes.

Q Soon thereafter?

A Yes.

Q Did you incorporate it?

A Yes.

Q Did you also apply for tax-exempt status?

A Yes.

Q Do you recall when the organization received its tax-exempt determination from the IRS?

A It was November or December of 1985.

Q Did Colonel North have any involvement in the application that the Institute filed for tax-exempt status?

A No.

Q Was the tax-exempt status granted by the Internal Revenue Service, insofar as you know, in a routine manner?

A Yes. Slow.

Q Could you state, again, when the tax-exempt status was received.

A November or December of '85.

Q Do you recall when the application was filed for tax-exempt status?

A 1984.

Q Was there some problem in the application? Did the application have to be amended a couple of times?

A I believe it was, yeah.

Q Those were all routine amendments, and--

A Everything was routine, including the delay.

Q When did North become aware, to your knowledge, of the Institute for North-South Issues?

A In the fall of '85.

Q Are you sure we're talking about the fall of 1985, and not some time earlier than that?

MR. KAPLAN: Let's go off the record a minute.

[Brief recess.]

MR. KAPLAN: Could I please have the last question.

[The record was read by the reporter.]

THE WITNESS: Yes.

BY MR. KAPLAN:

Q I believe you might have answered it just a moment ago, but I'll ask it again. To your knowledge, when did North become aware of the existence of the Institute for North-South Issues?

A Around the same time, '85, that we received tax-deductible status.

Q Did you ever discuss with North the use of the Institute for North-South Issues for contra-assistance payments?

A I don't recall discussing it. I know that it was

UNCLASSIFIED

discussed, and I believe it was Mr. Miller who discussed it.

Q Do you recall when Miller might have discussed that? When Miller did discuss that with North?

A It was fall of '85.

Q Is it possible, Mr. Gomez, that Miller discussed the Institute for North-South Issues with North in February of 1985?

A It's possible.

Q Do you know what the result of the discussions that Miller and North had about the possible use of the Institute to receive and distribute contra-assistance payments?

A What I know is that--what I know has been relayed to me exclusively by Mr. Miller. No one else. It was my understanding then, and it is my understanding now, that Colonel North had received, or have been approached by someone about a contribution from the Heritage Foundation. And the Heritage Foundation was looking for a tax-deductible entity to which to give the contribution.

And Colonel North was casting about for such an entity, and in the context of inquiring of Richard Miller, Miller volunteered that this entity existed.

At the time, we had not yet received certification, and so I think it was dropped, briefly, and then it was taken up again, shortly thereafter, two months later, perhaps.

Q What was your reaction to the use of the Institute to receive contra-assistance payments?

A I didn't like it. Well, I disagreed with the notion that it should be used for that purpose because that was not the purpose for which it was created, and I was also looking forward to receiving tax-deductible status, and getting on with the work that I had originally conceived for the Institute, which is fundamentally to work in international exchanges, to build understanding between the Third World and the United States.

And I thought that doing that would harm the Institute, and harm its ability to do what I hoped it would be able to do all along.

Q Did you express these concerns to Mr. Miller?

A I did.

Q Do you recall whether he took any action on these concerns?

A Well, at first, he accepted my view, and the subject came up later, and we discussed this, more or less had the same kind of discussion, and he pointed out to me that the contribution from the Heritage Foundation would be intended for information purposes, political purposes within the United States.

And that therefore, it could be interpreted as being consistent with the objectives of the organization.

Q When you say the "contribution from the Heritage

UNCLASSIFIED

Foundation", you're referring to a $100,000 contribution that was made some time in the late fall of 1985?

A Correct.

Q Didn't you believe Miller's explanation about the use of the Heritage Foundation grant?

A I accepted it.

Q Did he tell you what the source of the Heritage Foundation, or who the source of the Heritage Foundation money was?

A No. I thought it was Heritage money.

Q Did he tell you that the source of the Heritage Foundation was a result of a referral to him by North?

A Yes.

Q How do you square this last answer with the previous one?

MR. PRECUP: Wait a minute. Would you point out the inconsistency you see in the two answers, so that we're not guessing here.

MR. KAPLAN: I believe what I asked in the initial question was what he understood the ultimate source of the funds to be, and Mr. Gomez said the Heritage Foundation.

Then I believe that the next question was--and I'm sure I'm not verbatim quoting--but the next question was, did Mr. Gomez come to an understanding that the ultimate source of the funds was someone who had been referred to Miller by

UNCLASSIFIED

North, and he responded yes. I am just trying to figure out and to clarify, for the record, what Mr. Gomez's understanding was as to who, or what, the source of that $100,000 from the Heritage Foundation was.

MR. PRECUP: Well, I think what I missed in your second question was "ultimate source." I'm not sure you voiced those words, but the record will show.

THE WITNESS: I don't know what the "ultimate source" was. All I know is that Mr. Miller heard about the offer of a contribution from the Heritage Foundation, from Colonel North. At least that was my understanding at the time.

BY MR. KAPLAN:

Q Your understanding at the time was that North had referred to Miller, the Heritage Foundation, as a source of funds?

A Yes.

Q Did you understand what those funds were to be used for, once they were received by the Institute for North-South Issues?

A They were to be transferred to IC.

Q Upon transfer to IC, Inc., did you have an understanding as to what the use of the funds would be, beyond?

A Initially, it was not clear what the funds were, but I was later--it was explained to me that they would be

UNCLASSIFIED

used for information, or political activities.

Q Do you know whether or not the Institute for North-South Issues ever received that money from the Heritage Foundation?

A Yes.

Q How much money, do you recall?

A I believe it was 100,000.

Q Do you know how much of that $100,000 was then passed to IC, Inc.?

A I believe 80,000.

Q Do you know why only 80 of the $100,000 was passed to IC, Inc.?

A I believe Mr. Miller reached an understanding either with Heritage, or with Colonel North, about retaining 20,000 for the Institute.

Q When did you arrive at that understanding?

A I believe some time after the fact, but I can't be any more precise than that.

Q Did you have any concerns about the Institute having retained $20,000 of the money that was donated, at least on the surface by the Heritage Foundation?

A No. The Institute, we had been struggling to try to get it going, and keep it functioning, and were having a director to operate it. It had been costing us money up to that point, so a fee like that was welcomed.

UNCLASSIFIED

Q Did you learn, some time after the payment by the Heritage Foundation to the Institute, that the money had always been intended for contra-assistance efforts?

A No, I--not until perhaps after all of this became public. I was really never certain where the monies ended up, only that I had been assured that they were going to be used for--again--political and informational activities.

MR. KAPLAN: I'm going to ask the reporter to mark as Deposition Exhibit No. 6 a copy of a Form 990 for 1985 that was filed by the Institute for North-South Issues with the Internal Revenue Service.

[Whereupon, the document referred to was marked Gomez Deposition Exhibit No. 6 for identification.]

BY MR. KAPLAN:

Q I will ask you whether you have ever seen this return before?

A Yes.

Q Did you review this return before it was filed?

A I don't think so.

Q I'm going to direct your attention--

A Maybe I did.

Q I'd like to direct your attention to the second page of Exhibit 6.

UNCLASSIFIED

A Yes. I did.

Q I'll ask you whether you recall having reviewed Part 3, for instance, prior to the filing of the form?

A No. I believe I reviewed it after.

Q The information that describes the Heritage Foundation grant that's found in Part 3A of this form, do you recall who supplied that information?

A To best of my knowledge, it was Mr. Miller.

Q Did you ask Mr. Miller about the information that's contained on the form?

A Yes.

Q What did you ask him, and what did he respond?

A I asked him if he could expand on this and tell me more precisely what kind of information services were involved in this, and he wasn't able to tell me. Only that he said that the money had gone for different groups, relating to political, public affairs, public-relations support activities of the resistance.

Q To your knowledge, is the description contained in Part 3A an accurate description of what you were told the Heritage Foundation grant was used for?

A Yes.

Q I take it, it is fair to say, on the basis of your testimony, that subsequent to public disclosure of the events under investigation by these Committees, you've come to a

UNCLASSIFIED

different understanding as to what the Heritage Foundation money was used for?

A I don't know what it was used for.

Q When did you first meet Adolfo Calero?

A I met him in early October 1983.

Q Did you meet him in the context of your responsibilities at the U.S. Information Agency?

A Yes.

Q After you left the USIA, did you have a business or professional relationship with Mr. Calero?

A Yeah, a business relationship, yes, beginning in October of 1984.

Q Was that business relationship a part of the services that IBC was conducting for Mr. Calero and others?

A Yes. It was a retainer relationship.

Q Can you just describe, briefly, what the substance of the business relationship was.

A We were to assist him in writing speeches, articles, arranging for public platforms, speeches. Monitoring the media. Criticism of the resistance movement, anything related to that in order to better prepare responses for him, and also, things relating to the Government of Nicaragua. Arranging interviews.

Q Was there a time in which you began to refer to Mr. Calero by use of the name "Spark" or "Sparkplug"?

UNCLASSIFIED

A Yes.

Q When did that begin?

A I don't have a precise recollection of when it began, but Mr. Calero was introduced to us by Colonel North, perhaps in September or October of 1984, and we were advised, I think by Mr. North, that that was his nickname. I don't believe the name, the term "code name" was ever used, or anything like that. Just something rather informal like, "Well, we refer to him as Spark," or, "Sparkplug."

Q So this was not a name that you coined for Mr. Calero?

A No.

Q Did Mr. Calero pay to IBC monthly retainers during 1984 and 1985?

A Yes, up through April or May.

Q Are you aware of the form that the monthly retainer took?

A Yes.

Q Can you tell us what that form was.

A They were traveller's checks.

Q Did Mr. Calero give those checks to you or to Mr. Miller, or both?

A Both.

Q What did you do with those traveller's checks when you received them?

UNCLASSIFIED

A Any time I received them I turned them over to Mr. Miller.

Q Did you ever sign traveller's checks yourself for deposit into IBC's account, or for any other use?

A No.

Q I take it that the traveller's checks were given to you by Mr. Calero in blank form?

A Yes.

Q You yourself never signed, or made out one of those traveller's checks?

A Not to my recollection.

Q Do you know why Calero paid you in traveller's checks?

A It was never explained to me.

Q Did you ever ask him?

A No.

Q To your knowledge, did--

A Excuse me.

Q Go ahead.

A I have a sense that he did a lot of business in traveller's checks because I either saw him using them for other purposes, or, he may have said something to me about using traveller's checks.

Q Did Colonel North ever give you any blank traveller's checks?

UNCLASSIFIED

A No.

Q To your knowledge, did Colonel North ever give Miller any blank traveller's checks?

A No.

Q That is, Rich Miller.

A Yes.

Q Were you ever in the presence of Colonel North, or were you ever told that North gave anyone blank traveller's checks?

A No.

Q You mentioned a bit earlier today that you had State Department contracts that began shortly after your retirement from the United States Information Agency.

How many such contracts were there?

A We had a succession of purchase orders beginning in February 1984 which were made out initially to my name, but in fact I, we turned over any payment to Mr. Miller. At that time I was acting basically as his agent in dealing with the State Department.

There were two, maybe three of these under my name, and then I had, by the second purchase order agreement, I had requested that they be made out to IBC, that IBC be the contractor rather than myself because that in effect was what the relationship was.

But because of administrative reasons, they failed

UNCLASSIFIED

to do so, and it wasn't until perhaps the fourth, or so, purchase order--third or fourth, I don't recall which--when IBC first appeared.

Q Did IBC first appear at your request?

A Yes. It was my request after the first contract, or first purchase order.

Q How were those contracts obtained?

A I met with the then executive officer, administrative officer of the Office of Public Diplomacy, and we discussed the range of services to be provided, and the compensation for them, and it was agreed to do it on a short-term basis of roughly two months each for an indefinite period.

Q There came a point in time when at least one of the series of contracts or purchase order was classified as a secret contract. I think you mentioned that in your testimony this morning.

Do you know why that contract was classified as a secret contract?

A Yes. I have a version, an understanding--I've seen many since. I was under the impression that it was classified secret by the State Department because of the sensitivity both of what we were doing in handling visitors from Central America, and because of the relationship that we and the office had with Colonel North's office. There had been

UNCLASSIFIED

instances of refugees, political and otherwise, from Nicaragua, who, upon leaving Nicaragua, had found their families, friends, and relatives, acquaintances, either persecuted, questioned, arrested, tortured, jailed--what have you.

And some of the people that we were handling--that's not the right word--I prefer assisting, after they reached the United States, both from Nicaragua and from El Salvador, had well-founded fears for their personal safety.

Q How did you arrive at the understanding that at least part of the reason for the classification of these contracts was because of the relationship between your office and Colonel North's office?

A Because it was mentioned to me by both Mr. Miller and people at the Office of Public Diplomacy.

Q Are you aware as to whether a particular individual requested that the State Department contracts be classified as secret?

A I believe--again, this is secondhand--I believe that someone in the Office of Public Diplomacy, and I don't remember whether it was Jonathan Miller or John Blacken, recommended that it be classified.

Q Was Jonathan Miller aware of the relationship between IBC and Colonel North's office?

A He knew that we were doing work beyond the scope of the State Department, yes.

UNCLASSIFIED

Q Did Jonathan Miller know anything about--to your knowledge--did he know anything about the contra-funding network among NEPL, IBC, IC, Inc. and Colonel North?

A No.

Q Did the State Department contracts allow for initial regular contact between you and Mr. Calero, Mr. Rubelo and Mr. Cruz?

A They did not even mention contact, nor were we encouraged to have contact. The contact with them really came up in the context of our dealings with Mr. North.

T7

Q When did you first meet Jonathan Miller?

A When I started dealing with the Office of Public Diplomacy.

Q Do you recall when that was?

A It was February of '84.

Q Was Jonathan Miller the State Department supervisor of your contracts, or State Department contact for your contracts with the Department?

A Yes, in addition to an executive officer.

Q The Committees have received evidence that show that you had at least several meetings that included both North and Jonathan Miller, and yourself.

Do you recall the substance of those meetings?

A They had to do with general assistance--public affairs, and political activities, either conducted by or on

UNCLASSIFIED

behalf of the resistance leadership, and coordination of programs between the Office of Public Diplomacy and North's office.

Q You testified earlier, that to your knowledge, Jonathan Miller did not know of the contra-funding network?

A That's correct.

Q Were you aware of any other dealings that Jonathan Miller had with Colonel North relating to contra assistance?

A Yes.

Q Can you describe for us, to your knowledge, what those other dealings were.

A They got into the realm of political counsel, and even direction, or attempts to direct the relationships, affect relationships among various of the resistance leaders, particularly in their level of cooperation, or non-cooperation vis-a-vis the Meskito Indians.

Q How did you become aware of those dealings between North and Jonathan Miller?

A Well, in May of 1985, I believe it was May 29th--I can't be certain. It could be May 1, but it was either the beginning or the end of the month. I was asked to go to Costa Rica in order to transmit back to Washington the translation of a declaration, the so-called "Declaration of San Jose" which the resistance leadership had worked out in meetings in Costa Rica, and prior to getting to Costa Rica.

UNCLASSIFIED

And this document was considered to be important because it laid out the philosophy of the group as far as their future ambitions, objectives for their country, Nicaragua.

Mr. Miller was also in Costa Rica, and held meetings at that time with one of the Meskito leaders, Brooklyn Rivera, who was the head of one of the factions, and I sat in on a meeting that Mr. Miller had with Mr. Rivera in a hotel room, during which he attempted to encourage him to join forces with the resistance and to sign the declaration.

Q Who asked you to go to Costa Rica to interpret the San Jose declaration?

A To translate.

Q To translate.

A The Office of Public Diplomacy.

Q Do you recall when you first met Rob Owen?

A Yes.

Q When was that?

A The fall of 1984.

Q In what context did you first meet Rob Owen?

A I met him as an acquaintance of Colonel North.

Q Did North introduce you to Owen?

A I don't remember the first time I met him, whether it was Colonel North who introduced me, or whether it was Adolfo Calero.

UNCLASSIFIED

Q What did you understand Owen's relationship with North to be?

A Well, at first it was very unclear. At times, it looked like he was someone who was free-lancing, working independently on behalf of the cause and providing services gratis.

At other times it looked like he may have been in the employ of the resistance, that is, the FDN, and still, at other times, it looked like he was taking direction from Colonel North. And the precise nature of his role was not clear to me until subsequent events.

Q What do you mean when you say "until subsequent events"?

A Until the newspapers.

Q I just wanted to have you make that clear for the record. Did you ever discuss with Owen the contra-funding network that NEPL, IBC, IC, Inc. and North were conducting?

A No.

Q Are you aware as to whether anyone else ever discussed that contra-assistance network with Owen?

A No.

Q Were you aware that Owen was, for lack of a better word, planted by North at the Nicaraguan humanitarian aid office?

A No, not at the time.

UNCLASSIFIED

Q Is there some time during which you did become aware that Owen was serving in that capacity?

A When I read about it in the newspapers.

Q That is, some time after November of 1986?

A Yes.

Q Was there a time at which you became aware that Owen also had an association with a group called the Institute for Terrorism and Sub-National Conflict?

A Yes.

Q Do you recall when you first became aware of Owen's association with that organization?

A Again, I learned about it through the newspapers.

Q Do you recall--would you like to supplement your previous answer?

A Yes. I didn't know, at the time, that Owen was involved, but I had learned of the existence of an Institute--on Terrorism and Sub-National Conflict?

Q That's correct.

A I learned of its existence prior to November of '86.

Q Did you learn of its existence in connection with signing a letter distributing some funds to that organization?

A No.

Q Do you recall having signed a letter, or having been party to a Telex directly IC, Inc. to distribute $75,000 to the Institute for Terrorism and Sub-National Conflict?

UNCLASSIFIED

A I recall it now, today, because I saw it on one of the exhibits that you showed me, but I either did not see it, or it did not register at the time that I signed the document on which those words appear.

What made me recall the existence of the Institute was something else I read in the press prior to November 1986 about such an organization. It was in the context of television, or media, dealing with the subject of terrorism.

Q Do you know Father Tom Dowling?

A I have met him and seen him.

Q Have you ever talked to him?

A Not substantively.

Q Do you recall IBC and IC, Inc. having made payments to a group called the Latin American Strategic Studies Institute?

A Yes.

Q Do you know who directs that Institute?

A Father Dowling, as far a I know.

Q Did you have any understanding at the time, that the payments from IBC and IC, Inc. were made, as to what the purpose of those payments were to be?

A My understanding was that they were for political activities.

Q How did you arrive at that--I'm sorry.

A Public affairs. Because I knew of the, something of the Institute, and some of the work that had been done by it in support of the FDN.

Q Did you ever discuss with Dowling the provision of assistance to the contras through what we've been referring to today as the contra-assistance network?

A I have never had a substantive conversation with Father Dowling.

Q Do you know whether anyone else ever told him of the existence of this contra-assistance network?

A No.

Q Do you know an individual named Richard Pena?

A Yes.

Q Can you tell me when you first met Mr. Pena.

A I believe he and I had lunch when he was still working on the Hill. I don't remember the time.

Q Do you recall what year?

A It was in 1985. '84 or '85.

Q Do you recall the reason why you had lunch with Mr. Pena?

A Well, I had heard of him, and we had spoken on the phone in regard to a visitor from Guatemala, I believe, and I knew that he was--the visitor from Guatemala was interested in meeting with Congressman Wright. And so I thought that because Pena was a fellow Hispanic, and a Texan, that he could be helpful to me.

And I know that this, what I just described took place. Whether that was the first contact with Richard Pena, I'm not certain. I believe it was.

Q Did you have any subsequent dealings with Mr. Pena?

A Yes. I saw him at an American Council for Young Political Leaders dinner in June, or so, of 1986, and since he left his employment on Capitol Hill and joined a consulting firm, I've seen him two or three times.

Q Have you had any business dealings with Mr. Pena?

A We have discussed business opportunities, business proposals, but never--they were never formalized.

Q Did any of those business proposals concern the provision of lethal supplies to the contras?

A No.

Q Are you aware that in August of 1986, that Mr. Pena wrote a letter to World Affairs Counselors, Inc. enclosing a list of lethal supplies and their availability, intended for the contras?

A No.

Q Have you ever had any contact with Richard Secord?

A No.

Q Have you ever had any contact relating to contra assistance with Vice President Bush?

A No.

Q Have you ever had any contact relating to contra

UNCLASSIFIED

assistance with Donald Gregg?

A No.

Q The same question with respect to Felix Rodriguez.

A No.

Q Do you recall, did you travel to Panama in November of 1986?

A Yes.

Q Did you travel with Mr. Miller?

A Yes.

Q Can you tell me what the purpose of that trip was.

A It was to confer with a client on some public affairs promotional activities.

Q Did your business with that client have anything to do with providing assistance to the Nicaraguan resistance?

A No.

Q Did the client make a payment to you, or Mr. Miller, while you were there?

A Yes.

Q Was that payment a retainer of some sort?

A It was a monthly fee, yes, or, more than a month. I forget.

Q Was the payment made in cash?

A Yes.

Q Did Mr. Miller report, to your knowledge, that cash payment on a Treasury form as was required?

UNCLASSIFIED

A Yes. We went through the airport together, and I waited for him while he did it.

Q Is that a client whom you have continued to have contact with since November of 1986?

A The contract was suspended in December, and then renewed this spring.

Q Was it unusual for that client to have paid you in cash?

A We didn't like the idea of being paid in cash.

Q Do you know why the cash payment was made?

A Yes. Because they were late in payment. We'd been told that we were going to be paid when we got there, and we were ready to go the next day, had not been paid, and we insisted on being paid. So he arranged to have us paid in cash.

Q When was your last contact with Colonel North?

A August of 1986.

Q Do you recall the substance of that contact?

A Yes. I went to see him. I had told him that I was going to be--I was expecting to becoming involved in the client relationship in Panama, and I wanted to know whether there was anything that he could tell me about the relationship that would suggest that I not do it.

Q Was this the same client that you visited in November of 1986?

UNCLASSIFIED

A Yes.

Q Why did you think, at the time, that is, in August of 1986, that Colonel North would be able to provide you with any useful information about that potential client relationship?

A Just because of his access to information.

Q Did Colonel North do anything in order to respond to your question?

A No. It was a very, very brief meeting. A few minutes.

Q Was there any follow-up on his part?

A No.

Q What did he in fact tell you about that potential client relationship?

A He said he saw no reason not to take it.

Q Why were you concerned about taking on that client relationship?

A Because of relationships between Panama and the rest of Central America. [redacted] It was basically a conversation based on friendship and confidence.

Q Were you aware of any money or other items of value that were given to North, or to his family, during your relationship with him?

A No.

MR. PRECUP: That's a very broad question. Given by whom? And he earned a salary.

THE WITNESS: I'm aware of things that were reported in the press, but during the time that I was dealing with him, no.

MR. KAPLAN: My question meant to exclude salary, and the like. We all consider our salaries from the Government to be a gift.

BY MR. KAPLAN:

Q When was the last time you had any contact with Mr. Channell?

A I guess about a year ago. More than a year ago. August, when we severed our relationship.

Q Did Channell not retain IBC at some point toward the end of last year, that is, December of 1986, to do some media relations for NEPL?

A I don't know the nature of the work that was being done. That could have been part of a media relations, yes.

Q But I take it you didn't have any contact with Channell in connection with that relationship?

A None.

Q Were the services performed by IBC on NEPL's behalf, pursuant to that relationship, all conducted by Mr.

UNCLASSIFIED

Miller?

A Yes.

Q Is there any particular reason as to why you didn't participate in those services being performed by IBC?

A I don't recall, exactly, how it was--how it evolved, only that I had other things to do, and Mr. Miller took the lead on that. I felt comfortable with that arrangement.

Q When was your last contact with Dan Conrad?

A The same.

Q Same time. Do you--

A Wait a minute. I think we had a meeting, or he had a meeting with Mr. Miller in the fall of '86, at which time he discussed some ideas for assisting the Institute. Just some general concepts.

Q Which Institute are you referring to?

A Institute for North-South Issues.

Q Do you recall the substance of your last contact with Channell?

A No. See, I had phased down my involvement with Channell beginning in early 1986, so I had limited contact with him. I worked on the SDI program in the spring of '86, and, at that time had regular contact with him. But as far as other issues, particularly the Central American Freedom Program, I did not deal with him.

UNCLASSIFIED

I saw him, and attended a few meetings, but the last substantive meeting, or occasion when I saw him, was probably in July or August, and by that time Mr. Miller was dealing with him almost on an exclusive basis.

Q You mentioned a bit earlier that you had some initial dealings with the fake Saudi prince al-Massoudi. When did your contact with al-Massoudi stop, and why?

A It stopped when he and Mr. Miller left for Europe. It didn't stop because he wasn't around anymore. The contact prior to that time was incidental. In other words, he might appear in the office and I would say hello, or to be kind, to keep him occupied, I had lunch with him once, and that's it.

Q Did you have any misgivings about the prince early on?

A I did.

Q Did you express those misgivings to Miller?

A Yes. We both had misgivings, and Mr. Miller conducted extensive research on his majesty, his highness, and did a lot of checking, and so much of it squared that he was at least sufficiently persuaded to continue to do business with him.

Q Did you have any contact with Colonel North about al-Massoudi?

A We may have had a telephone call, or the subject may have come up at a meeting, but no extended contact. That

UNCLASSIFIED

was largely in the hands of Mr. Miller.

Q Were you involved at all in the FBI investigation of al-Massoudi some time later in 1985 and 1986?

A No.

MR. KAPLAN: Off the record for a minute.

[Discussion off the record.]

BY MR. KAPLAN:

Q Did you have any knowledge of the Iranian arms sales prior to public disclosure of those sales in late 1986?

A No.

Q Did you have, and do you have, any knowledge of any proceeds from those sales being used for contra assistance prior to public disclosure of that event in November of 1986?

A No.

Q Do you have any knowledge of any proceeds from those sales making their way into either NEPL or IBC at any time?

A I have read the allegations in the press. That's all.

Q But I take it you don't have any knowledge of your own, that money from the arms sales to Iran made their way into either Mr. Channell's organizations, or any of yours or Mr. Miller's organizations?

A That's correct.

Q Do you know anything about the business dealings of

UNCLASSIFIED

the Goodman Agency?

A Only as they relate to the work that was performed on behalf of Mr. Channell.

Q Did you deal with the Goodman Agency in connection with that work?

A Yes.

Q Do you have any knowledge as to whether any proceeds from the arms sales made their way into the Goodman Agency?

A No.

Q Did you have any knowledge, prior to public disclosure in late 1986, of any, what's been termed "third country solicitations" for contra assistance?

A No, although I had heard and read some press allegations to the effect that other countries were providing assistance to the cause.

Q Did you have any direct knowledge, other than what you have read in the press of other countries, providing assistance to the cause?

A No.

Q Did you have any knowledge of the Sultan of Brunei having made a contribution of $100,000 to the resistance in early 1985?

A No.

Q Do you recall a meeting in Colonel North's office in February of 1985 with Otto Reich, Jonathan Miller,

UNCLASSIFIED

yourself, and Walt Raymond, in which among other things the Nicaraguan refugee fund dinner was discussed?

A I don't.

Q Would it refresh your recollection if I told you that a new board for that fund was also discussed at that meeting including members Louis Aquiar, Woody Jenkins, possibly a Dupont, and one other individual?

A No.

Q So I take it that it doesn't refresh your recollection as to whether you ever engaged in a conversation or meeting with the individuals that I've mentioned before, either collectively, or alone, about a $100,000 contribution by the Sultan of Brunei to the resistance?

A Nothing that you've said has refreshed my recollection. There is no recollection.

Q Prior to public disclosure in late '86, did you have any knowledge of hostage-rescue efforts that were being conducted, either by or on behalf of the United States Government, relating to the hostages that were being held in Lebanon?

A I had no precise knowledge of any hostage efforts, hostage-rescue efforts, although Colonel North sometimes relayed his great concern over the plight of the hostages and the situation in the Middle East.

Q Were you or Mr. Miller ever asked to provide money

UNCLASSIFIED

to extricate the hostages?

A I was not asked to provide any money.

Q Do you know whether Miller was ever asked to provide money to aid in efforts to extricate the hostages?

A I have no recollection of any such request.

Q Do you recall any discussions that Mr. Miller had with Al-Massoudi about efforts to extricate the hostages being held in Lebanon?

A Yes.

Q Can you tell us what the substance of those conversations was?

A This is secondhand from Mr. Miller. And, according to Mr. Miller, Mr. A-Massoudi claimed to have relationships with people in Saudi Arabia and perhaps beyond Saudi Arabia, that could feasibly be helpful in securing the release of the hostages. And his accounts were sufficiently credible to Mr. Miller to lead Mr. Miller to entertain proposals from Mr. Al-Massoudi about efforts to secure their release. They must have discussed it at some length. That's the extent of my knowledge.

MR. KAPLAN: I have no further questions. I want to thank you for your cooperation today.

Could we go off the record for a moment?

[Brief discussion off the record.]

EXAMINATION BY COUNSEL FOR

UNCLASSIFIED

BY MR. BUCK:

Q Mr. Gomez, have you ever seen Colonel North's slide show, the famous slide show?

A Yes, several times.

Q In your opinion, was it accurate?

A In some respects I can say that it was accurate because I have been a witness to some of the things described in his show. In other instances, I have no way to assess his accuracy.

Q Did you take some of the photographs that were used in the slide show?

A Yes.

Q When did you take those photographs?

A February 1985.

Q And where did you take them?

A In [redacted] Another small town, a refugee settlement village [redacted], and in [redacted] the main contra base.

Q What were the circumstances surrounding the trip that you took down there? Did you take it for that purpose or--

A No. I took it to assess the status of the refugees. The Office of Public Diplomacy believed that the plight and the number of the refugees was grossly ignored, people were unaware of it in the United States, and felt that something should be done about it. And so I was asked to look at the refugee status.

When I told Colonel North that I would be going down there, he suggested that I arrange to go to the main camp as well to take pictures there as well. And there were many refugees in and around the camp as well. So that coincided with the main purpose of my visit.

Q Approximately how many photographs did you give Colonel North?

A I gave him the undeveloped rolls of film, perhaps three rolls--four rolls.

Q Sixty or 70, in that area?

A Yes.

Q How many did he use in his slide show?

A There were various slide shows. He inserted them and took them out according to audiences and circumstances and so on. So I would say maybe a dozen overall.

Q When did you give these slides to Colonel North, or the pictures to Colonel North?

A As soon as I returned from my trip.

Q Which was?

A It was about a three- or four-day trip so it would have been in early February or mid-February.

Q Do you know what purpose Colonel North developed

UNCLASSIFIED

the slide show for?

A Yes, I know the purpose that he related to me why he wanted the pictures. And he wanted to portray the difficult circumstances under which the resistance was operating and living at the time, and refugees as well, their needs.

He said take pictures. He didn't order me, but he said I would like to have pictures of anything you can see, whatever you see.

Q I'm sorry, I forgot. What was the time frame again? What was the date of the trip?

A February.

Q Of 1985?

A 1985.

Q Was this before he met Carl Channell, to your knowledge?

A I don't remember when he first met Mr. Channell.

Q Is it fair to say that, to your knowledge, the sole reason Colonel North developed the slide show was not for fundraising purposes?

A I could not say that because he never told me why he developed the slide show.

Q It had to do with his concern for refugees though and not--

A My part of it, yes, was concern about the status of

UNCLASSIFIED

the situation, the conditions under which they were surviving.

Q Do you know approximately how many times Colonel North used his slide show?

A I only know about the slides that he showed to groups that I was involved with in connection with Mr. Channell, and that was maybe five or six.

Q During your contacts with Mr. Channell's organizations and Colonel North, were you ever present when Colonel North solicited funds from any of Mr. Channell's contributors?

A Yes.

Q How would you describe Colonel North's role in relation to Mr. Channell's contributors?

A His role was one of explaining the geopolitical circumstances, geostrategic circumstances, of Central America and implications of the Soviet presence in Nicaragua, Soviet-Cuban presence, and describing what that means in terms of U.S. national interest.

Q Were there any other roles that he filled?

A No. He portrayed the resistance as a noble group, well-intentioned group, democratically oriented, and the Sandinistas as the devil incarnate.

Q Was that accurate?

A Those are my words, but as--

Q Well, I'll accept them as your words.

At the time that Mr. Roberts allegedly used the

UNCLASSIFIED

words to describe IBC as the White House outside the White House, are you aware of President Reagan having endorsed IBC as a White House outside the White House?

A I've never heard of such an endorsement.

Q Have you heard of an endorsement by anybody in the White House of IBC during that time period?

A No.

MR. BUCK: I have no further questions. Thank you.

MR. KAPLAN: Off the record.

[Brief recess.]

XXX

EXAMINATION BY COUNSEL FOR THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Mr. Gomez, you stated earlier that you served for 19 years and 10 months as a USIA employee.

Why did you retire from the USIA, or did you retire--or did you resign?

A I retired. In 1980 the Congress passed the Foreign Service Reform Act, which had a three-year grace period for people to convert to Senior Foreign Service or Civil Service, or leave.

The requirement to convert was challenged by a State Department officer, also at Grade 2 which I was, and he won his case. And the court ruled that those in that category who so desired should have the option to retire early with an annuity.

The option was applicable to a very narrow range of officers for whom early retirement was an attractive course in that one had to have senior rank, which I had, still be sufficiently young to be credible as a beginning second-career person and, third,, to have sufficient years in to make the annuity worthwhile. And I met all those conditions.

Third, at the time, I was completing what would have been a normal tour of duty in Washington, and was actively being considered for assignment overseas again, and was discussing such assignments with my wife. They included Africa, where we had been, and our experiences in Africa and Haiti were very unpleasant. And for a variety of reasons, I did not want to go overseas again, particularly if it included Africa and not going with my family. Our children were in high school.

So it's one of those foreign service experiences. When the opportunity arose to leave early, I decided to take it.

MR. KAPLAN: Can we go off the record?

[Briefly off the record.]

BY MR. OLIVER:

Q You stated, in response to one of Mr. Kaplan's earlier questions, that all of the contracts that you had with the State Department, even those that were in your name, were really contracts with both you and Rich Miller. I believe you used the term you were an agent for Rich Miller.

A Yes.

Q Why were you acting in that capacity? Why weren't both of you on the contract and why wasn't the contract with IBC?

A Because, in our understanding, when we first established the relationship, it was agreed that I would be a consultant to him. I did not have a salary as such. I was to be compensated on the basis of our income. And after the first purchase order was signed, and it came in my name and everything was handled in my name as an individual, we discussed it and we agreed that it should be an IBC purchase order rather than in my name, my individual name. And we requested that it so be done.

But it wasn't done until two or three purchase orders later.

Q When did you first begin to discuss this arrangement with Rich Miller, the arrangement of your becoming a consultant?

A I think around November of 1983 as I began to explore options for employment post-USIA. November or December.

Q You were exploring in the fall of 1983 the possibility of a contract with AID, is that correct?

UNCLASSIFIED

A No, I don't think it's correct.

[Pause]

Q Do you remember discussing your future employment with the counselor of USIA in the fall of 1983?

A Yes.

Q Who was the counselor at that time?

A I don't remember. If you mentioned the name, I'm sure I can recall. It could have been Jack--oh, he just died, cancer.

MR. OLIVER: I would like to ask the reporter to mark this Gomez Exhibit No. 7.

[The document referred to was marked for identification as Gomez Deposition Exhibit No. 7.]

BY MR. OLIVER:

Q That is a memorandum from Frank Gomez to the counselor--I assume that's the counselor at USIA since you were an employee there at that time--dated September 30, 1983.

A I'm not done reviewing it yet. So identify it as you will.

Q The subject is "Support for Central American Training Proposal."

I would like to ask the witness to examine this document, and ask you if this refreshes your recollection about the discussions of an AID contract.

UNCLASSIFIED

A I know I wrote--I don't remember who the counselor was.

Q Did you write a proposal for an AID Central American training proposal?

A I don't recall right now.

Q May I see the document for just a moment?

Do you recall any response from the counselor to that memorandum?

A No, I don't.

[Pause]

Q Do you recall any discussions with John Scafe in the Office of the Special Advisor of the Secretary on Central America about a Central American training proposal in the fall of 1983?

A Yes.

Q What do you recall about those discussions?

A Well, there was something that had come up in an interagency context dealing with Central America, and the agency, USIA, was interested in developing programs to improve the capability of Central American, particularly Salvadoran, spokespersons because the situation in El Salvador vis-a-vis the press and human rights and the military was very serious. And there were a lot of discussions going on about that time, rather freeflowing discussions, almost like brainstorming, what can we do, this sort of thing.

UNCLASSIFIED

And I was asked to produce a couple of studies or documents or recommendations how might I be used later, what could the agency do immediately to address those problems.

Q We were discussing this Central American training proposal and you indicated that there have been interagency discussion. Did you sit in on this interagency discussion?

A Probably not.

Q How did you know about it?

A Through the bureaucratic channels, my superiors, others in the Agency, and USIA, who were dealing with this as one of the priority issues.

Q Do you know what the interagency group that was discussing it was called?

A No. I never sat in at that point. I was not in a position that required me to deal with things on a geographic basis and so I learned about such discussions from those who were dealing with things on a geographic basis. My responsibilities were fundamentally world-wide, at the time. Broad issues.

Q Have you discussed the six or seven contracts that you or IBC had at the State Department with the Inspector General?

A Yes.

Q Did you tell the Inspector General, at the time, that you were acting as an agent for Rich Miller on those

UNCLASSIFIED

early contracts?

A I didn't use those words, but I told him that I was a consultant to Mr. Miller and that shortly after initiating the first purchase order, we agreed that the rest should be in IBC's name. Mr. Miller was my employer.

Q Did Mr. Miller have anything to do with the performance of those contracts that were in your name?

A Yes, we worked together on them. I did most of the work, however, but we conferred regularly on them.

Q As a principle, I believe you were the president for the Institute for North South Issues, is that correct?

A Yes.

Q Were you the chief executive officer--

A No.

Q Of that organization?

A No, the organization never really got started in the way we hoped it would function and the administrative matters relating to it were minimal at the outset. I did deal with the attorneys in efforts to incorporate, to register in the District of Columbia and to get IRS status.

Q From which Government agencies did INSI receive contracts?

A The only agencies for which we provided services were the NED and USIA, I believe.

Q Did you also have a contract with the Department of

UNCLASSIFIED

State?

A We had a contract, yes, for roughly a month--September of 1985.

Q What was the purpose of that contract?

A The Office of Public Diplomacy had been very eager, for many months, to improve its distribution system and had wanted us, going back to the Fall of the previous year, to assist them with it. Nothing happened until the Summer of 1985, at which time a series of meetings took place and they asked us to take on a new task, which was to evaluate the present problem, devise a new system, and put it in place.

All this took place about in--the last meetings--in late August and they said, well, can we add something to your contract now, that will cover this additional work. That was deemed to be rather awkward at the time since we were just completing a fiscal year. It was too early to begin for the next fiscal year so they looked for a mechanism whereby we could get paid, or the services could be provided, and someone could get paid for providing those services, without adding to the existing IBC contract. It was selected.

Q So you had two simultaneous contracts?

MR. PRECUP: Wait a minute. I don't think the witness has stated that, Mr. Oliver.

BY MR. OLIVER:

Q Did the contract with INSI run concurrently with an

UNCLASSIFIED

existing with IBC with the Department of State?

A With two companies, yes.

Q And you and Rich Miller were the principals on both of those contracts?

A I was the principal for the contract on INSI and Mr. Miller was the principal for the contract at State Department.

Q They were both State Department contracts?

A Yes.

Q Did you recommend a change in the distribution system, as a result of that one-month contract?

A The one-month contract was designed to evaluate the existing system, or lack thereof, and to make specific recommendations and those recommendations were made.

Q And then thereafter, did IBC enter into a contract to perform distribution for the Department of State?

A Yes and to set up the system.

Q Did you recommend that in the INSI report?

A I don't recall that we recommended it specifically, that IBC get a contract. We recommended certain steps be taken and we pointed out some of the shortcomings in the existing system.

Q The contracts that you had with USIA for INSI, were those arranged by you or by Mr. Miller?

A By me.

UNCLASSIFIED

Q But Mr. Miller was the principal on those contracts also?

A No. I was for INSI.

Q For INSI. And did he have any participation in the performance of those contracts?

A No.

Q Did Mr. Miller have any participation in the performance of the contracts with NED?

A No.

Q Was the Office of Latin American Public Diplomacy involved, in any way, in your application or in your securing of contracts with USIA or with NED?

A No.

Q Was the White House or the National Security Council involved in any way?

A No.

Q I'd like to go back, if I can for a moment, to the discussion you had earlier with Mr. Kaplan about the Heritage Foundation grant and I would like to ask the reporter to mark, as Gomez Exhibit 8, a group of documents which relate to the Heritage Foundation grant to the Institute for North South Issues. The top page is a letter dated September 12, 1985, from the Institute for North South Issues to Dr. Edwin Feulner, and is signed by Rich Miller.

UNCLASSIFIED

(The documents referred to were

UNCLASSIFIED

marked for identification as
Gomez Exhibit No. 8.)

BY MR. OLIVER:

Q I'd like to ask you to examine the first two pages of that exhibit, Mr. Gomez, and tell me if you recall that proposal, if you have ever seen that proposal before.

A The first two pages?

Q The first two pages?

A Yes.

Q Have you seen that document before?

A I've seen it, after the fact, not when it was written.

Q You did not participate in the preparation of this document in any way?

A No.

Q When did you first see this document?

A I believe it was later, when Mr. Miller approached me about making arrangements to transfer funds. By later, I mean perhaps, October-November.

Q October-November of 1985?

A Yes.

Q Did INSI, in fact, perform these functions for return for the $100,000 grant?

A Not directly. I know nothing relating to these services.

UNCLASSIFIED

Q Well, the proposal indicates that the Institute will provide all conference arrangements. It seems to indicate that you will perform this function and you indicate that you're prepared to begin immediately on the program. It doesn't indicate that anyone else is going to perform these services.

A That's right.

Q Did anyone else perform these services?

A I can't be certain that no one performed the services because I don't know what the final disposition of the resources was.

Q Do you have any information that these services were ever performed?

A No.

Q Would you turn to the third page of this exhibit, which is a letter dated October 15, 1985, to Mr. Richard Miller from Edwin Feulner? That letter indicates that they are forwarding a check in the amount of $100,000, as requested in your letter.

A Yes.

Q And says that they would appreciate receiving reports from you as to the uses to which these funds have been put. It also asks for a tax-exempt letter and it also indicates that they assume that these funds will be used in accordance with the stated purposes of your 501(c)(3). Were you a 501(c)(3) at that time?

A No.

Q Did you see this letter at the time it came in?

A I can't give you a precise answer whether I saw it at the time that it came in or later. I remember discussing the matter orally with Mr. Miller because I dealt with no one at the Heritage Foundation.

MR. PRECUP: At about the time it was sent?

THE WITNESS: At this time, yes.

BY MR. OLIVER:

Q Did Mr. Miller inform you that INSI had received a $100,000 grant from the Heritage Foundation?

A He informed me that one was coming and then when it was received, I learned about it.

Q When he told you that one was coming, did he tell you what it was for?

A Yes.

Q What did he tell you it was for?

A He said it was to conduct information programs, political programs and activities, in support of the Nicaraguan resistance.

Q When you say political programs, what do you mean?

A That's what he told me. I presume it means providing for expenses for public affairs activities, platforms, conferences, seminars, meetings, travel.

UNCLASSIFIED

Q Did the proposal that you just examine on pages 1 and 2, indicate, in any way, that this program will be to support the democratic resistance in Nicaragua?

A You say in my reading of it?

Q Yes.

A Not in so many words, but it does refer to Central America and U.S. foreign and economic policy, the perceptions of Central Americans.

Q Do you know whether or not Mr. Feulner was ever informed that you were not a 501(c)(3) organization?

MR. PRECUP: I have to object to that because, if you will note, the letter that is a part of this exhibit, Mr. Oliver, you will see that the advanced ruling period begins on the date of inception of the organization, which is quite a bit antedated, the date of the letter itself. It certainly takes time for the IRS to come through with the final letter, but can't state that this is retroactive.

MR. OLIVER: Counsel, I had just asked the witness earlier whether or not they were a 501(c)(3) organization at the time that they received this grant and his answer was no.

MR. PRECUP: Yes, but the witness, as you know, is not a tax attorney or an attorney at all so please, don't get hung up on his lack of knowledge of tax laws. The letter speaks for itself and it's part of your exhibit.

BY MR. OLIVER:

UNCLASSIFIED

Q Do you know whether or not your organization, INSI, was a 501(c)(3) at the time it received this grant?

A I don't know exactly when the grant was received and exactly what day the Institute became a 501(c)(3).

Q Why did you answer the question a moment ago in the negative?

A Because I was looking at this date, September 12, 1985, which, I believe, your question referred to the proposal and my understanding, at that time, September 12, 1985, was that we had not yet received the response from IRS.

Q If you would turn to page 4 of this exhibit, which is a letter from the Institute for North South Issues to Dr. Feulner, signed by you, I believe. Is that your signature?

A Yes.

Q Do you recall the circumstances surrounding this letter?

A Somewhat.

Q At the time you sent this letter, did you attempt to determine what had been done on the grant proposal?

A Yes. I asked Mr. Miller how these funds were used and he responded that they were transferred to, I believe, the Strategic Studies Institute or--I don't know the exact name of the organization--which, in turn, carried out public information and other political activities.

Q In the letter, you say that "we are compiling

UNCLASSIFIED

several final information pieces."

A Yes.

Q Did you compile those information pieces?

A Mr. Miller may have compiled them. I did not.

Q Why did you say "we"?

A I used the "we" in the context of the organization. This letter was drafted by Mr. Miller and presented to me for my signature.

Q Why didn't he sign the letter?

A I don't know.

Q What prompted the letter in May of 1986?

A I don't know, other than his request for information.

Q You indicate in the letter that the request had been some six months prior to this time.

A Yes.

Q What was the cause of the delay?

A I don't know.

Q I believe you indicated earlier that the treatment of this $100,000 grant was that a $20,000 administrative fee was taken out by INSI and then approximately $80,000--I believe that was the figure you recall--was sent to the IC account in the Cayman Islands, is that correct?

A That's correct.

Q Did Colonel North direct you to spend that money for a program, such as the one outlined in the proposal to the Heritage Foundation?

A Colonel North didn't direct me, personally, to do anything with respect to the use of any monies. He may have directed, or requested, Mr. Miller to use it in some way and I'm not privy to what they discussed. I only can tell you what I was told by Mr. Miller and that was that these monies, the monies derived from the Heritage contribution were used for information and political activities. That's the extent of my knowledge.

Q I believe you indicated earlier that once money was transferred into the IC account, you regarded that money as, basically, to be spent at the direction of Colonel North?

A Yes.

Q So then you would have known that the money from the Heritage Foundation went into an account, whose disbursements were directed by Colonel North, is that correct?

A Yes, although at the time, at the discussions of the contribution from the Heritage Foundation were taking place, the system, the procedure, under which Mr. Miller and Mr. North agreed to dispose of funds, was just beginning to function. So, it was not clear in my mind exactly how transfers would take place, where they would go, and who would receive them and so on.

Q Was your signature required on documents causing

UNCLASSIFIED

money to be transferred from IC to other accounts?

A I believe so.

Q So you would have been aware of the transfers of funds from IC to any other entity?

A Yes, but I've stated previously that the handling of such transfers was routinely performed by Mr. Miller, who put a piece of paper in front of me for my signature and sometimes I either did not review, or gave a very cursory review, to them before signing. So, I cannot say that in every instance, I was aware of both the amount of the transfer and the destination of the transfer.

Q At the time that Mr. Miller informed you of the proposal that had been presented to the Heritage Foundation, or at the time that he informed you that the money had been received from the Heritage Foundation, did he tell you that the National Strategy Information Center was involved in any way?

A Did Mr. Miller tell me?

Q Yes.

MR. PRECUP: May we have the name of that organization?

MR. OLIVER: National Strategy Information Center.

MR. GOMEZ: No, he didn't tell me. I don't believe he told me.

BY MR. OLIVER:

UNCLASSIFIED

Q Do you know Roy Godson?

A Yes. I don't know him. I've never met him personally. I know who he is.

Q How do you know that? How do you know who Mr. Godson is?

A I've seen him on television. I've seen books that he's written. I've seen references to him in the media.

Q To your knowledge, was he ever involved with the Institute for North South Issues in any way?

A No.

Q To your knowledge, was he involved, in any way, in the Heritage Foundation grant?

A Yes, but I don't exactly how, only that he and Mr. Miller had conversations and I think Mr. Godson had conversations with Colonel North.

Q What [illegible] Miller tell [illegible] these conversations--his conversations with Mr. Godson and Mr. Godson's conversations with Colonel North?

A Mr. Godson, I believe--I can't be certain--was acting on behalf of the Heritage Foundation or in connection with the Heritage Foundation, but I cannot go beyond that in terms of being more precise with respect to their relationship.

Q Did he ever mention to you that any funds from this grant were to be used for [redacted]

UNCLASSIFI

BEST AVAILABLE COPY

UNCLASSIFIED

A No.

Q Would you turn to page five of this exhibit and examine that document? It is a memorandum to file--to the file Anthony Williams, CPA and INSI director from Richard Miller, treasurer, dated December 1, 1986. Subject: Heritage Foundation grant of October 15, 1986.

You are a director of INSI. Is that correct?

A Right.

Q Did you receive this memorandum on or about December 1, 1986?

A I don't recall seeing this before.

Q Did you ever discuss the Heritage Foundation grant with Mr. Miller in December of 1986 or approximately thereabouts?

MR. PRECUP: May I just make a comment here? I don't want to raise an objection. It appears from looking at these documents that there may be two different Heritage Foundation grants about which the documents speak: one on October 15, 1985, one on October 15, 1986. So to say the Heritage Foundation grant creates an ambiguity.

MR. OLIVER: You are right, counsel. It does say that. And we have tried to determine through our investigation whether or not there were two Heritage Foundation grants of $100,000. And what we have been able to determine is that there was only one and that this is probably a typographical

UNCLASSIFIED

error in Mr. Miller's memorandum, because we have been able to determine that there was only one grant of $100,000 through INSI from the Heritage Foundation, through the examination of bank records and through the testimony of other witnesses.

MR. PRECUP: Yes. And does this document refer to $100,000--this is page five now, of Exhibit 8? I don't see that. Would you point it out to me?

MR. OLIVER: This document does not refer to $100,000. But there was only one grant in the records of IBC or INSI from the Heritage Foundation, and it was for $100,000, and it was on October 15, 1985.

[Brief discussion off the record.]

BY MR. OLIVER:

Q Mr. Gomez, is it your belief that the Institute for North-South Issues received only one grant from the Heritage Foundation during 1985 and 1986?

A I have been told and read in the press and discussed with Mr. Miller another grant, which so far has been--not been explained to me. I know nothing of it.

Q What did he tell you the other grant was for?

A He said he didn't know.

Q Did he know of another grant?

A I have seen references to another grant.

Q Did he tell you he knew of another grant?

A He said he was trying to find out what it was.

[Brief discussion off the record.]

MR. OLIVER: Mr. Gomez, your recollection of the transfer of $80,000 to IC and the documents that we have before us don't appear to agree. I wonder if you could tell me what really was happening here? What was the mechanism that was being utilized for these transfers of funds and this correspondence?

MR. GOMEZ: All of the matters relating to INSI and any transfers of funds from INSI for whatever purpose and relating to the Heritage Foundation were handled by Mr. Miller. My dealings with INSI dealt--or concerned programs for which the Institute was created--that is, administration, planning--of visiting groups, interchanges, exchanges, and so on--international visitors coming to the United States.

Therefore, I am unable to explain any discrepancies that you may find in the records relating to transfers from the Heritage Foundation to INSI and beyond.

MR. OLIVER: Could we take a three-minute break?

[Brief recess.]

BY MR. OLIVER:

Q Mr. Gomez, did you receive statements--bank statements--from the IC bank accounts in the Cayman Islands?

A No.

Q How did you verify what transactions had taken

UNCLASSIFIED

place in the IC account?

MR. PRECUP: If you did.

MR. GOMEZ: I didn't.

BY MR. OLIVER:

Q Were you aware of any of the transfers from the IC account to other entities at Colonel North's direction at the time they took place?

A No.

Q But your signature was required for each one of these transfers.

A I don't know if it was required for every one. Only--I have been shown documents that I signed, and I recognize having signed them. What I was signing, however, I don't recall, and I can't say that I signed every one--every transfer that ever took place.

Q Have you ever heard of an organization or an entity known as Parke-Feld Enterprises?

A No.

MR. PRECUP: Parke-Feld?

MR. OLIVER: Parke-Feld--P-A-R-K-E-F-E-L-D.

BY MR. OLIVER:

Q Do you have any knowledge why money would have been transferred from the IC bank accounts to Parke-Feld Enterprises?

A No.

UNCLASSIFIED

Q Have you ever discussed the Heritage Foundation grant with any officials of the Heritage Foundation?

A No.

Q Do you know Walt Raymond?

A Yes.

Q When did you first meet Walt Raymond?

A In 1983--no, wait a minute, I'm sorry--probably 1981. I was at the State Department and obviously working in the Bureau of Public Affairs. [redacted]

Q [redacted] did you meet Mr. Raymond at a later time when he was serving in another capacity?

A I saw him later when he went to the NSC as director of public information or assistant or deputy assistant in charge of public diplomacy or information--policy. I forget

UNCLASSIFIED

the exact title.

However, I saw him very rarely in that capacity--that context.

Q Did you participate in meetings at the White House in which Mr. Raymond participated in 1984, 1985, 1986?

A Yes.

Q What were those meetings?

A They were general meetings to discuss planned information policy relating to Central America.

Q Did you participate in a program designed to influence the congressional vote on aid to the contras in 1985 or 1986?

A Yes.

Q Could you tell me about your participation in those activities?

A Well, this was a program--an information program--which Mr. Channell and his organizations asked IBC to undertake. And it entailed a good deal of research on congressional districts and voting records of members of Congress from those districts with respect to assistance to the Nicaraguan resistance.

It also concerned identifying key media in those districts in which to direct programs--through which to direct programs and coordination of a speaker's program in those areas also.

UNCLASSIFIED

My role in this program was rather marginal, however, in that I frequently talked to researchers and staffers about their progress on the work so that it would be finished and so that it could be presented in time for a meeting with Mr. Channell.

Q What was Walt Raymond's role in that effort?

A None, to my knowledge.

Q I believe my question was whether or not you participated in meetings in the White House in which Mr. Raymond participated.

A Yes.

Q But the meetings in which he participated with you had nothing to do with the legislative effort.

A That's correct. This--my meetings with him were perhaps a year, a year and a half before anything dealing with the legislative effort.

MR. OLIVER: I'd like to ask the reporter to mark this document as Gomez Exhibit No. 9. It is a memorandum from Oliver North to Robert McFarlane dated March 20, 1985, and the subject is timing and the Nicaraguan assistance vote. It's--there is an attachment to it entitled "Chronological Event Checklist". I'd like to ask you to show that document to the witness and ask him to examine it, in particular the Chronological Event Checklist.

[The document referred to was

UNCLASSIFIED

marked for identification as
Gomez Deposition Exhibit No. 9.]

BY MR. OLIVER:

Q Have you ever seen the Chronological Checklist before?

A I haven't gotten to it.

Q My question is whether you've ever seen this Chronological Event Checklist or a similar document in the same format.

A The State Department Office of Public Diplomacy sometimes created chronologies with forthcoming events with action assignments for various people. And my name may have appeared on one or more of those.

Q Did you see those documents?

A Sometimes. Now, you asked whether I have seen this one. I had not seen it at the time--February of '85--March 20.

Q Your name appears--or the name Gomez appears--in paragraph five of the first page of the Chronological Event Checklist. It indicates that the responsibility shared with Colonel North and the NSC is to encourage U.S. media reporters to meet individual FDN fighters with proven combat records in the media field. Was that your assignment?

A That was something that we had been doing routinely.

Q And did you work with Colonel North in carrying out

UNCLASSIFIED

this responsibility?

A Not in a direct way, no.

We were eager to get interviews for anybody on the resistance side throughout this entire period. So this is a rather routine sort of thing.

Q Were you aware of the responsibilities that these other people were given in this Chronological Event Checklist?

A Has been de-classified?

Q Yes, it has been de-classified.

A I would have to say that I wasn't aware of the detail of it and that my knowledge of it is limited to some--two things: one, input from myself and from Richard Miller regarding some things that we thought ought to be done vis a vis the media and the resistance; and two, whatever aspects of this that would relate to the Office of Public Diplomacy.

But I have not seen this document in this form.

Q Have you seen a similar document in this form?

A As I stated previously, I have seen documents prepared by LPD--Office of Public Diplomacy--at the State Department with a similar format. In other words, they're identifying forthcoming events and trying to anticipate planned actions and assigning planning responsibility or program responsibility to individuals.

Q Did Colonel North's name appear on those chronological events checklists?

UNCLASSIFIED

A I don't recall.

Q Did Mr. Raymond's name appear on them?

A I believe so.

Q What was your relationship with Mr. Raymond during the period that you performing your contract for the Department of State?

A I had very limited contact with him. Sometimes he attended a meeting.

Q What meetings would he attend?

A Perhaps a meeting in Otto Reich's office or a conference--a larger meeting in a conference room at the State Department.

Q Did you ever attend any meetings with him in the White House?

A Maybe once or twice.

Q Do you remember what those meetings might have been about?

A I remember seeing in the--same thing: information programs, strategies.

Q Do you know Dan Kuykendahl?

A Yes.

Q How do you know Dan Kuykendahl?

A I met him through Mr. Miller, because the Gulf and Caribbean Foundation, of which Mr. Kuykendahl is a representative, was a client of IBC.

UNCLASSIFIED

Q Did you attend meetings which took place in Mr. Kuykendahl's--or in a townhouse on Capitol Hill [redacted] [redacted]?

A I have attended meetings there, yes.

Q What were the purposes of those meetings?

A Some were to brief various representatives of groups supportive of the White House policy on what was going on in Central America. Some were to plan information-related strategies--congressional-related strategies.

Q Who else attended those meetings on a regular basis?

A Well, I only attended one or two of those meetings, so I can't say who attended regularly. There were representatives of various public interest groups around Washington and of course Mr. Kuykendahl, Mr. Channell sometimes.

Q Did Mr. North--Colonel North attend any of those meetings?

A I believe I saw him at one meeting at Kuykendahl's.

Q Were those meetings primarily to discuss legislative strategy?

A Well, I didn't discuss or attend but maybe one of the meetings that had to do with anything relating to legislative strategy, so I cannot characterize other meetings that may have taken place.

The one that I attended had to do with legislative strategy, yes.

Q Do you remember when that meeting took place?

A No.

Q Could it have been February 11, 1985? Does that sound like the approximate date?

A It could be.

Q Did it have to do with the vote that was to take place in 1985 on contra aid?

A Well, I've lost sense of the timing of what was being debated on the Hill and meetings and so on. It could have been.

I know that there was a lot of activity among various people concerned with the issue and that meetings were taking place in a lot of places around Washington in support--in an effort to support the White House.

Q Did Rob Owen attend any of those meetings?

A Not to my knowledge.

Q Do you recall any meetings with Colonel North in which you and Mr. Kuykendahl and Rob Owen and Rich or Jonathan Miller occurred--and Rich or Jonathan Miller occurred?

A At any time?

Q At any time.

A Yes. I can't say that every one of those persons was present. There--in the fall of 1985--I'm sorry--the fall of 1984, when we were--after we had more or less established a relationship--the working relationship--with Colonel North as far as the information efforts were concerned, Mr. Miller and Colonel North and Mr. Owen--we may have all come together in a meeting at the time in Colonel North's office.

But I don't remember--I can't associate such a meeting with any specific program or activity. Just one of many meetings.

I do recall once when Mr. Owen presented a--some suggestions--a written memorandum--on how to gain favorable publicity for the resistance leadership. And it was handed to me. We looked at it--Rich Miller and I looked at it--and decided not to pay any attention to it.

Q Who handed it to you?

A Owen.

Q Did you ever get a call from Jonathan Miller asking you to contact Adolfo Calero to take out major fund-raising ad?

A No.

Q Did you ever contact Adolfo Calero about a major fund-raising ad?

A No.

Q You indicated that you were working on a project for Mr. Channell that had to do with examining congressional districts--medias in those districts and that sort of thing.

Would you describe to me what IBC's role was in that effort and who in the IBC organization carried out the responsibilities related to that requirement?

A Our job, fundamentally, was to relate congressional districts and votes concerning aid to the resistance to media and media channels, avenues in order to carry out a program designed to influence public opinion in those districts.

Q Who did that on the IBC staff?

A Well, Mr. Miller oversaw the effort generally. Steve Schwartz was in charge of the political--the congressional side of things. Rafael Flores was looking at the congressional districts also, doing a lot of research on that.

Q Was this in 1986?

A Yes.

Q I'm just trying to put it in a time frame. There were two votes--one series of votes in '85 and one in '86.

A There was no program in 1985. This was in 1986, beginning in the fall and leading up to January-February. I think the vote was moving on the calendar constantly.

And other staffers were concerned with identifying media in each of those districts and planning appearances by people in those districts.

Q Do you know Bruce Cameron?

A Yes.

Q When did you first meet Bruce Cameron?

A I don't recall the circumstances under which we first met.

MR. OLIVER: I'd like to show you a document, and then we can discuss this.

I'd like to ask the reporter to mark this as Gomez Exhibit No. 10.

Do you have a copy of that document, Mr. Gomez?

MR. GOMEZ: Yes.

MR. OLIVER: The document is a memorandum for Spitz Channell from Rich Miller and Frank Gomez; subject: freedom program; dated January 9, 1986.

[The document referred to was marked for identification as Gomez Deposition Exhibit No. 10.]

BY MR. OLIVER:

Q Do you remember this memo? Do you recognize this memo?

A I have to read it.

I recall the circumstances. Whether I recall the memo specifically, I can't say.

Q Could you tell me what you remember about the circumstances?

A Basically what is reflected in the memo.

Q Who is the confidential source that's referred to in this memo?

A I don't know. At this point, I was dealing on a very limited basis with Mr. Channell and the programs related to him, although I was briefed from time to time by Mr. Miller on his relationship with Mr. Channell and the Bruce Cameron relationship also.

Q Who briefed you?

A Mr. Miller.

Q And what did he tell you about the Bruce Cameron-Spitz Channell relationship?

A Precisely this--what's in this memo.

Where is the reference to the confidential source?

Q If you look in the second paragraph, it says, "We know Bruce personally, but through a confidential source we have learned that he is in dire need of a job. It has occurred to us, therefore, with some extra thinking by our source, that he could be extremely helpful in the Central American freedom program."

That doesn't help you remember who your source might have been?

A No, I don't know who the source is.

Q Do you remember what caused you to send this memorandum to Mr. Channell?

A It was Mr. Channell's concern to do something on the Hill--to be effective on the Hill. Up until that time he had been primarily relying on Mr. Kuykendahl for assessments and contacts. And as you know, Mr. Kuykendahl is a Republican

UNCLASSIFIED

and former member of Congress. And it was all--it had long been felt within the Channell organization that they should have someone on the Democratic side who could work with them also.

Q Do you know whether or not Bruce Cameron was hired by Spitz Channell?

A I believe he was.

Q Was he hired through PRODEMCA?

A I don't know what the administrative relationship was--or arrangement.

Q And what did he do for Mr. Channel?

A Did analysis of the forthcoming vote, how things would stack up, maybe personal contact--what we would describe as lobbying.

Q What was your involvement in the legislative effort in 1986?

A None.

Q Did you attend the meetings where the legislative strategy was discussed?

A One, maybe.

Q This was at Mr. Kuykendahl's townhouse.

A One--you asked specifically previously about legislative meetings at Mr. Kuykendahl's house. I attended one meeting there.

And there were other meetings with strictly

UNCLASSIFIED

Channell representatives in our offices which took place in a conference room adjacent to my office, and so I saw the meetings taking place and sometimes sat in for a few minutes at those meetings.

Q And they were primarily concerned with the legislative effort?

A No, they were concerned with things overall--that is, public information, research, the legislative effort, other projects that Channell was working on.

Q Were any of those meetings concerned primarily with the legislative effort?

A Yes.

Q Did you attend any of those?

A I don't know how many. There were a lot of meetings. I may have attended two or three.

Q Do you remember who else attended those meetings that were concerned with the legislative effort?

A Dan Kuykendahl attended from time to time. Bruce Cameron attended, although I do not recall myself attending a meeting in our offices where Bruce Cameron was also there. I do recall attending meetings when Spitz Channell and Dan Kuykendahl were there and others from our staff.

Q Did Penn Kemble attend those meetings?

A In our office? Yes, I believe he attended one. At least, I saw him at one meeting in our office. I did not attend the meeting.

Q What was Penn Kemble's role in this program that you were conducting for Mr. Channell?

A He played no specific role, as far as I am able to determine. But as I related to you earlier, I am looking at this from some distance, because I did not attend that meeting. I don't even remember whether he attended the Kuykendahl meeting.

The only thing I remember is that he attended meetings on this subject at our offices.

Q Do you remember a luncheon meeting on September 10, 1984 which took place in your offices at 1607 New Hampshire Avenue?

A Yes.

Q With Rich Miller, Jonathan Miller, and Oliver North?

A Yes. I remember that a meeting took place.

Q What was the purpose of that meeting, and what can you remember about it?

A It was to discuss programs--information, public diplomacy programs--relating to the State Department office and their relationship to the resistance. That's all.

Q Why was Oliver North there?

A Because he had been working in conjunction with the Office of Public Diplomacy at the State Department.

This was shortly after I had met him for the first time, which I said was at a swearing-in ceremony for Ambassador whatever to Guatemala. I'm sorry. And I believe it was primarily to get acquainted better and to understand roles, to discuss programs.

Q Did you discuss the nature of your State Department relationship with Mr. Miller or Colonel North at that meeting--with Mr. Jonathan Miller?

A No, I don't think so--not in any specific sense.

As I recall, we were discussing programs. We may have discussed what we do for the State Department--you know, we write articles; we translate articles; we serve as interpreters; we debrief visitors; we arrange media events, press conferences, and so on.

Q Was it shortly after that meeting that you began work on the secret contract for the Department of State?

A No.

Q Was it shortly after that that you--

A You said September 11, 1984.

Q Was it shortly after that that you entered into an agreement with the State Department that was substantially--for a substantially larger fee than you had previously been obtaining?

A Yes. It began the next fiscal year.

Q Was that discussed at that meeting?

A No, I don't think so.

UNCLASSIFIED

Q Do you recall a meeting--a lunch--on June 5, 1985 at the IBC offices with yourself, Jonathan Miller, Otto Reich, and Oliver North?

A June 5, 1985.

Q Did you call a luncheon with those participants at your office around that time?

A Yes.

Q What was the purpose of that luncheon? What was the business that was discussed there?

A Public diplomacy.

Q Did you discuss the legislative effort at all?

A I can't say specifically what was discussed beyond public diplomacy programs.

Q Did you ever discuss with Otto Reich or Jonathan Miller the work you were doing for Spitz Channell?

A No. Only perhaps to the extent that we were performing work--services--for them. But not in greater detail, no. We might have told them that X, Y, or Z event was going to take place if it was useful for them to know about it.

We sometimes kept them abreast of Channell-sponsored activities because they coincided or conflicted with things that the Office of Public Diplomacy was carrying out.

Q Did you regard what you were doing for Spitz Channell to be complementary to what you were doing for the

UNCLASSIFIED

Office of Public Diplomacy at the Department of State?

A Yes.

Q Did you discuss the fundraising activities of Spitz Channell's organizations that you were involved in with Otto Reich or Jonathan Miller?

A No.

Q Why not?

A Because it was a separate matter for another client.

We did discuss the fundraising for the public information program that began in the fall of 1985 and went into '86, yes.

Q Why?

A Because they involved the use of various speakers that sometimes had contact with the Office of Public Diplomacy.

Q Do you recall a meeting on February 11, 1985 with Colonel North, Walt Raymond, Jonathan Miller, yourself, and Otto Reich to discuss the NRF fundraising dinner?

A No. I remember attending a meeting relating to the NRF fundraising dinner, but I don't remember where or when it took place and who participated.

Q I'd like to ask the--do you recall a message to Colonel North from you and/or Rich Miller relating to Spark to call off Rizo in June of 1985? Do you know what that

UNCLASSIFIED

would have referred to?

A I don't remember a memo or anything written on that subject.

Q A phone call--a phone message.

A I remember speaking to Mr. North about Mr. Rizo and also Mr. Miller being concerned about Mr. Rizo's activities.

Q What was the concern?

A I believe it had to do with the Nicaraguan refugee fund dinner and recovering profits from it, if there were any.

Q Who was Mr. Rizo?

A Mr. Rizo--I think his first name is Alvaro--A-L-V-A-R-O--is a Nicaraguan-born U.S. resident--maybe a citizen; I don't know--who was working on behalf of--either as a volunteer or paid; I don't know either--of the Nicaraguan Democratic Resistance.

I'm sorry, that's not the right name--the FDN. The resistance was created later.

But again, I was--the reason I'm vague--and I'm sorry for sounding vague--is because I was on the periphery of whatever issue Mr. Rizo and Mr. Miller and Mr. North were concerned with.

Q Did Mr. Miller--Rich Miller--have any expertise in Central America prior to the forming of IBC?

A A little, in that he had been director of Public Affairs for AID at the State Department at the same time that

I was deputy assistant secretary of state for Public Affairs. And in that capacity, I did a good deal of public speaking and work, planning on--at the time--San Salvador and to a lesser extent Nicaragua.

Mr. Miller attended meetings--planning meetings--at that time at the State Department and had to be very familiar with not only the public diplomacy issues--public information issues--but also AID programs in the countries of the region.

Q Do you recall a meeting--this may have been referred to earlier, and I may have forgotten. Do you recall a meeting in July of 1985 between you and Rich Miller, Colonel North, Spitz Channell, and Dan Conrad at which Colonel North indicated to Channell and Conrad that from that point forward they should forward the money that they raised through their fundraising activities to IBC?

A I don't remember the circumstances of such a meeting, if I attended.

I believe I would have recalled that, given from whom the instruction or the direction was coming from. That would have made an impression on me, so--

Q In June of 1985, early in your relationship--IBC's relationship with Spitz Channell's organizations--you assisted in the organization of a briefing followed by a dinner at which a check for $50,000 or $60,000 was presented to Mr. Calero directly by Mr. Channell. Is that correct?

UNCLASSIFIED

A I don't know how much money was presented. Some money was presented to Mr. Calero.

Q But you knew that money was presented directly to Mr. Calero by Mr. Channell at the conclusion of this fund-raising event?

A Yeah. Whether I was actually there when it was presented, I don't remember. But I understood that some money was presented to Mr. Calero.

Q Well, if you can't recall the meeting at which Colonel North may have instructed Channell and Conrad to funnel the money--or to give the money to IBC, what is your recollection of how IBC came to be the recipient of these large sums of money from Spitz Channell's organization?

A My recollection is that Mr. Miller informed me of the procedures to be followed.

Q But you don't remember participating in the meeting where this--where Mr. North told Mr. Channell and Mr. Conrad this was the way it was to be done.

A No, I don't remember that meeting.

Q Did IBC have any relationship with Bragg Communications or with Lyn Nofziger that related in any way to Central America or to the Democratic Resistance?

A In late fall of '85 or early '86, Mr. Channell sought Mr. Miller's recommendations in order to acquire additional political advice across the board. And--

UNCLASSIFIED

Q Was there a financial arrangement between IBC and Bragg Communications or Lyn Nofziger?

A Not that I am aware of.

Q You mentioned earlier LPD and Mr. John Blacken. What was your relationship with John Blacken? What did you perceive his role to be with IBC?

A After--there was a great deal of turnover in the Office of Public Diplomacy at a certain point. Ambassador Reich had gone to Venezuela, was phasing out, Jonathan Miller was either working at the NSC or spending a good deal of time there.

And Mr. Blacken was--became the acting director of the office or the *de facto* director of the office. And he was the person with whom I maintained my most direct contact.

Q This would have been in 1985 or 1986?

A Both.

Q Do you know Jake Jacobowitz?

A Yes.

Q What was his relationship to IBC?

A He was one of the members of the staff of LPD. And in that capacity, he and I consulted from time to time on projects that we were both working on--sometimes jointly, sometimes separately, but related.

Q Was he the person to whom the presentation by IBC was made for the contract which was classified secret?

UNCLASSIFIED

A No. That presentation was made to Mr. Blacken, and I don't remember the timing. I don't think Mr.--yeah--Mr. Reich.

Q Did Mr. Jacobowitz's sister work for IBC?

A Yes, sir.

Q When did she come to work for IBC?

A She started September 1, 1985.

Q Was she involved in any way in the presentation of the IBC proposal to the Department of State for the contract that was classified as secret?

A No.

Q You were the one that made the presentation to the State Department. Is that correct?

A Yes. Mr. Miller and myself, yes.

Q And you do not recall Jake Jacobowitz or his sister being involved in the negotiation or presentation of that contract.

Your answer is no?

A They did not participate in the negotiation or presentation.

Q How did Jake Jacobowitz's sister come to be employed by IBC?

A In about June or July I met her in the hallway of the Department. She was introduced to me by him, and he proceeded to go on to a meeting or whatever.

UNCLASSIFIED

We were in a narrow corridor, and we spoke for a few minutes, as people do when they meet for the first time. I asked her the usual questions about where she was from and what she did.

She explained it, and she said that she had been considering moving to Washington and looking for a job in Washington.

And I said, "Well, come see us. Maybe we can give you an assist."

So she came to see me and described her skills in greater detail, and I said that kind of expertise--I concluded that that kind of expertise was something that we had been looking for in our office--computers and distribution and marketing and so on--and that we had had proposals from the State Department to get involved in a distribution program--improving their distribution system and that she might fit into that.

I didn't talk to her again for several weeks. She went back to New York.

In the meantime, I interviewed other people for that, because the State Department had become very exercised about the need to begin working on this. And when it became clear that they wanted us to move very quickly to get things straightened out in the distribution I contacted her, and we discussed salary and services and scope of responsibilities.

UNCLASSIFIED

Q This was September 1, 1985?

A September 1 is when she started working.

Q Am I correct in recalling that August of 1985 was when you had the one-month contract from INSI?

A No, it was September of '85--September 1 to September 30, 1985.

Q To analyze the distribution system.

A Yes.

Q And then it was after that period of time that you began work on the large--

A Of the new contract.

Q --new contract.

A Yes.

Q When did you actually sign the contract?

A I didn't sign it. Mr. Miller--if anyone signed it on our side, it would have been signed by Mr. Miller, and that was, I think, in September of last year--or August of last year. I don't remember exactly when.

Q Do you remember any problems that the Defense Investigative Service has had in trying to obtain the information from IBC that they needed in order to complete a security clearance for your offices?

A I remember their--our efforts to contact them and to arrange meetings and to follow up on calls from them and to provide information to them and the difficulty of getting

UNCLASSIFIED

them to respond to our requests, yes.

I remember also hearing back from the State Department that they had alleged to the State Department that we were not being cooperative. And we were stunned by that, because it was in our interest to be as cooperative as possible.

And I got the impression that it was just a bureaucratic problem.

Q Did you write a letter to the State Department telling them that those complaints were unfounded?

A I don't recall writing a letter.

Q Do you recall a time when Colonel North used his influence with the Department of State to make an emergency payment to IBC in response to a bill that--of April 1985?

A Yeah, I remember both the period under discussion as well as media accounts about that.

Q Could you tell me why Colonel North was involved in that?

A I can conjecture, and that is Mr. Miller was impatient with the slowness of the payments from the State Department. Getting paid from State had always been a problem. And he asked Mr. North to use his good offices to get us paid in a timely fashion.

Q And did he do that?

A I understand he did.

UNCLASSIFIED

jlb177

UNCLASSIFIED

177

Q And were you paid?

A Yes.

Q At that time, was the State Department your largest single client? Did you have any other clients at that time?

A Yes.

Q Who were--I don't want to ask you about your other clients that are unrelated to this, but I would like to ask you whether or not there were any--if you had any clients who paid you as much as the State Department did.

MR. PRECUP: Can you specify the time a little more carefully? You say at this time, but--

MR. OLIVER: I'm talking about April of 1985.

MR. GOMEZ: Okay. I believe State was the largest.

BY MR. OLIVER:

Q How much of your time were you spending on the State Department contract?

A Almost all of it.

Q What were you doing during that period of time?

A Translating documents; writing articles, letters to the editor; planning strategies.

[Brief recess.]

BY MR. OLIVER:

Q Would it be correct to say that your main source of income during that period of time was the State Department contract?

UNCLASSIFIED

178

UNCLASSIFIED

A You're talking 1985?

Q I'm talking about the spring of 1985.

A Yeah.

Q Since the formation of IBC, other than the income you received from Spitz Channell's organization, was the State Department your largest source of income in 1985 and 1986?

[Brief recess.]

BY MR. OLIVER:

Q On the IBC contract, Mr. Gomez, did you and/or Rich Miller have a meeting with Mr. Robert Kegan in the fall of 1986 to discuss the services that you have performed for the Department of State?

A Yes.

Q What was the purpose--what was discussed at that meeting?

A Well, as I recall, Mr. Kegan had just recently come on board as the new head of the Office of Public Diplomacy. Or he was actually serving in Elliott Abrams' office. I think John Blacken was still there in Public Diplomacy. But he was going to move into it or was already moving or something.

And we just briefed him about what we were doing.

Q Did you submit a written report to him?

A I don't recall one.

UNCLASSIFIED

Q And on the basis of that briefing, did he certify that the work had been performed?

A I don't recall any discussion of any certification of any kind with him in that meeting.

We're talking fall--

Q Of 1986.

A --of '86.

Q I believe the contract was signed in early September 1986. Is that correct?

A Yes.

Q And you were paid for the performance of that contract in October and November of 1986. Is that correct?

A I don't remember when the payment was.

Q The sum was--

A I'm sorry. I was thinking 1985.

You're talking about a meeting with Mr. Kegan--

Q Yes.

A --after he had been in the Office of Public Diplomacy as head--

Q Yes.

A --after the contract had expired. And it was to certify for him--for us to render a report.

Q Yes.

A Yes. A report was presented.

Q A report was presented prior to your being paid.

UNCLASSIFIED

A I don't know if--yes, I think so.

Q How did you pay the employees of IBC for the work on the State Department contract between October 1, 1985 and September 30, 1986 if you had not--were not paid by the State Department until after the contract had been performed?

A With great difficulty. We literally paid it out of our own salaries. We had no money. We were using whatever other income we had from other clients to meet expenses and pay the employees. And in so doing, we took virtually no income ourselves.

Q Did you pay the employees out of the funds you received from Spitz Channell's organizations?

A And others.

Q Your answer is yes.

A Yes.

Q Do you recall a check for $60,000 being received by the Institute for North-South Issues from a Mr. James MacAleer?

A I have never heard of it.

Q Do you know of a $60,000 payment from INSI to IC from a contributor in Pennsylvania in the fall of 1985?

A I have seen references in some accounts somewhere, whether the media or some other report somewhere about--oh, it came up from our accountants. They asked me if I knew about such a payment, and I said no.

UNCLASSIFIED

Q Did you ask Mr. Miller about it?

A Yes.

Q What did he say?

A He said he didn't know.

Q He said he didn't know that such a payment had been made.

A He said he didn't know what it was.

Q Do you recall a contribution to IC from a Mr. Herbert Barness in the amount of $5,000?

A I don't recall ever hearing the name or any contribution associated with it.

Q Did IBC prepare a report on the activities of organizations in the United States who were supporting the Sandinistas?

A I don't know whether the report can be characterized precisely as you have characterized it, but a report was prepared on organizations which are critical of the administration and may be favorably disposed to the Sandinistas. I wouldn't--

Q When was that report prepared?

A It began in the fall.

Q Of what year?

A Of 1986.

Q Who paid for the report?

A Mr. Channell.

UNCLASSIFIED

Q What did you do with the report?

A I didn't do anything with the report.

Q What did IBC do with the report? How was it disseminated? Do you know?

A Mr. Miller presented it to Mr. Channell.

Q Who worked on the report on the IBC staff?

A Mr. Miller, Ms. Jacobs. The principal work was done by those two, and other staffers were--

Q Did Oliver North have anything to do with that report?

A Not to my knowledge. In fact, I don't believe Mr. Miller had any contact with Mr. North after November.

Q You testified earlier that your--IBC's--contractual relationship with Mr. Channell's organizations was terminated, I believe, in August of 1986. Is that correct?

A July or August.

Q And when--did there come a time in December of 1986 that IBC was retained once again by Spitz Channell's organizations?

A Yes. I don't know the exact time of it.

Q What was the purpose of that arrangement with Mr. Channell's organizations?

A I believe it was to assist in--one, preparing this report, for one thing; and second, to assist in the public relations for Channell and the publicity that was being--had

UNCLASSIFIED

begun around that time.

Q What did you do--what services did you perform for Mr. Channel in regard to the latter subject?

A I personally performed no services.

Mr. Miller performed services, and I think it was primarily counsel on how to handle certain issues.

Q You were not involved in any way in that aspect of your relationship with Mr. Channell?

A No.

Q Were you and Mr. Miller equal partners in IBC in 1986?

A We had an agreement which we called a partnership agreement that began in 1986, but he referred to himself as the managing partner or the senior partner. And in effect, there was very little in the relationship that was different from the earlier relationship--my work as a consultant to him.

Q Did you split the fees from clients with Mr. Miller?

A Yes.

Q Did you split the fee which--

A We split profits--I'm sorry--not fees. He handled all administrative matters, all accounts--banking, accounting, everything--and the decisions that go along with those. From time to time, I was consulted. Other times I wasn't.

Q So in effect, you worked for Mr. Miller. Is that what you're saying?

UNCLASSIFIED

A On some things, yes. On other things, I had the lead.

Q What things did you have the lead on?

A Well, on the State Department. As far as the execution of the work, I was substantively responsible. In other words, I was the one who developed strategies, translated, executed, received visitors, interpreted, and worked most directly in conjunction with people in LPD, whereas his primary concern was with the contracting and payments.

And he also did a good deal of work on the distribution system. I did not feel that that was my area of expertise.

Q Was part of IBC's relationship with Spitz Channell in December-January--December of 1986, January and February of 1987--to reconstruct the accounts to determine for Mr. Channell how the money had been spent which he had forwarded to IBC?

A There was a report that was prepared by Mr. Miller that had to do with the disbursements of monies received from Mr. Channell. And exactly where that report fit in with other things that Mr. Miller did for Mr. Channell, I don't know. I never saw the report. I only know that it was being prepared.

Q You did not work on the report.

A No.

Q Did you have any meetings with Dan Kuykendahl in

UNCLASSIFIED

1987?

A In 1987?

Q 1987.

A No, I don't think so.

Q Do you recall any discussions with Dan Kuykendahl in 1987 regarding this investigation?

A Discussions between me and Dan Kuykendahl?

Q Or discussions at which he was present and participated.

A No.

Q Are you aware of any of the activities or any role that Dan Kuykendahl played in advising Spitz Channell's organizations, relative to this investigation?

A I don't have any first-hand knowledge of it. I understand that there was a relationship, but I don't know precisely what Mr. Kuykendahl was doing for Mr. Channell.

Q How are you aware of that relationship?

A Through Mr. Miller.

Q And what did he tell you about it?

A I believe he told me that Mr. Kuykendahl was going to try to get helpful information into the hands of sympathetic members of Congress.

Q Related to this investigation?

A I don't know if it's related to the investigation specifically, but that was the number-one concern at the time.

UNCLASSIFIED

Q Did you ever meet Bill Casey?

A Never.

Q Did you ever meet Bob Earl?

A Never.

Q Did you ever meet Ken deGraffenreid?

A No.

Q Did you ever meet Al Sapia-Bosch?

A No.

Q Nestor Sanchez?

A Yes.

Q In what capacity did you meet Nestor Sanchez?

A I think the first time I met him was when I was at the Foreign Press Center, and he briefed the foreign journalists on Central America.

Q Did you work with Nestor Sanchez in any way in 1985 and 1986 on programs that related to Central America?

A No.

Q Do you recall a meeting in the White House in 1985 in Oliver North's office or in the situation room where you and Rich Miller, Otto Reich, Jonathan Miller, Nestor Sanchez, Walt Raymond, Jeff Bell, and Jack Abramoff were present?

A Yes. I remember a meeting in the situation room in which Abramoff and--the Bell name I would not have recalled, but I do recall Abramoff.

Q Was Lew Lehrman there?

UNCLASSIFIED

A And Lew Lehrman.

Q And what was the purpose of that meeting?

A I don't know if Mr. Sanchez was there. My sense is that he was not, but I cannot be 100 percent certain.

What was the purpose of the meeting?

Q Yes.

A As I understand it, the meeting was requested by Mr. Lehrman of Mr. North in order to offer a proposal to conduct a nationwide public information campaign on behalf of the administration's policy in Central America.

But the proposal never went beyond that meeting, to my understanding, because at the same time that they were asking--or proposing to run they program, they were asking money to run it.

Q Were any of the grants which the Institute for North-South Issues received from the National Endowment for Democracy in any way related to support for the Democratic Resistance in Nicaragua?

A In no way.

Q I'm glad to hear that.

A Well, I am proud of the work that the Institute did in conjunction with the NED. We--I think we did a fine, honest, credible job for the NED and for everyone else for which we worked as the Institute.

UNCLASSIFIED

And it--I'm distressed that we have had to sever

UNCLASSIFIED

the relationship because of other things.

Q Do you know Linda Chavez?

A Not well. I know her, but not well.

Q Did she have--what was her involvement with IBC?

A She was a contact at the White House that Rich Miller turned to to assist Mr. Channell in arranging for briefings.

I don't recall ever speaking to her myself. I know her from other activities in Washington having nothing to do with her professional responsibilities.

Q Do you know Mark Richards?

A Yes.

Q How do you know Mark Richards?

A He was a consultant to the Office of Public Diplomacy at the same time I was.

Q What was his job?

A He prepared reports on military activities in Central America, analyzed, answered--he dealt with a lot of the media--arranged--he briefed journalists who were in Central American on what was going on there. But from the perspective of a person that understood warfare, weaponry, and so on--capabilities, movements.

Q Did you participate in any of the briefings that he did for the media?

A No.

UNCLASSIFIED

Q Let me just sum up some of the salient points that you've made today.

It was your testimony that the transfer of funds from IC to other entities and from IBC to IC in the Cayman Islands was done by Mr. Miller at the direction of Colonel North. Is that correct?

A Yes.

Q It was your testimony that you were not aware of where the money was going from IC to other entities. Is that correct?

A I was not aware of what the entities were. I sometimes saw what the entities were specified on documents, but I had no understanding of what they were, in most instances.

It was only after the fact since some of these things have been made public that I have been made aware of the full names and the locations and so on of the organizations.

Q At that time you did not know what they were.

A At the time, I did not know what they were.

Q And you simply signed the required papers for these transfers that were prepared by Mr. Miller at his request.

A That's correct.

MR. OLIVER: I have no further questions, Mr. Gomez. I appreciate your patience. Sorry we kept you here

UNCLASSIFIED

so long.

Mr. Fryman may have--

MR. FRYMAN: I have no questions, Mr. Gomez.

MR. OLIVER: Thank you very much.

[Whereupon, the taking of the deposition concluded at 5:47 p.m.]

UNCLASSIFIED

13 JAN 86

Gomez dep. Ex. 7 [illegible]

UNCLASSIFIED

RM 01238

```
 FREEDOM NETWORK
NRU: IBCUSA

PSN: [illegible]DPUXHK
70JHORU12
GA: 3894287

OCC RETRYING
OCC RETRYING
OCC RETRYING
OCC RETRYING
OCC RETRYING
OCC RETRY ENDS
70JHORU6F
NEW CALL
GA: 3894287

*
4287 CAYMAN CP
.........

0000.3
06/13/86 1050:
*000
!
 FREEDOM NETWORK
NRU: IBCUSA

PSN: [illegible]UKCRUK
70.600058
GA: 3894287

*
4287 CAYMAN CP

TO:   DAVID PIESING
FROM: RICHARD R. MILLER
      FRANCIS D. GOMEZ
DATE: JUNE 13, 1986
CODE: 2817

PLEASE TRANSFER THE FOLLOWING AMOUNTS FROM THE BARCLAY'S
BANK PLC ACCOUNT FOR INTEL CO-OPERATION INC.:

  THE AMOUNT OF FIVE HUNDRED THOUSAND US DOLLARS ($500.000)

  TO: BARCLAYS BANK PLC
      848 BRICKEL
      MIAMI FLORIDA 33131
      TLX: 518703
      ACCOUNT NUMBER: [illegible]-3470-2702[illegible]

  THE AMOUNT OF SEVEN THOUSAND US DOLLARS ($7.000)

  TO: [redacted]

      CREDIT TO ACCOUNT FOR
  [redacted]

  THE AMOUNT OF FIVE THOUSAND US DOLLARS ($5.000)

  TO: SOVRAN BANK, N.A.
      RICHMOND, VIRGINIA
      TELEX 823488
```

Partially Declassified/Released on 26 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5308

UNCLASSIFIED

M 01239

UNCLASSIFIED

CREDIT TO ACCOUNT FOR,
LATIN AMERICAN STRATEGIC STUDIES INSTITUTE
1000 COOL SPRINGS DRIVE
ALEXANDRIA, VIRGINIA 22308
ACCOUNT NUMBER 0010-000-17

THE AMOUNT OF SEVENTY FIVE THOUSAND US DOLLARS ($75,000)

TO, AMERICAN SECURITY BANK, N.A.
WASHINGTON, D.C.

CREDIT TO ACCOUNT FOR,

INSTITUTE ON TERRORISM AND SUBNATIONAL CONFLICT
ACCOUNT NUMBER, 25-004-00-000

THE AMOUNT OF TEN THOUSAND US DOLLARS ($10,000)

TO, INTERCONTINENTAL BANK
1395 BRICKEL AVENUE
MIAMI, FLORIDA
FOR CREDIT TO ACCOUNT NUMBER 0101000784

WRITTEN INSTRUCTIONS WILL FOLLOW IN TODAY'S MAIL FOR ALL OF THESE TRANSACTIONS.

THANK YOU FOR YOUR DIRECTION OF THESE MATTERS.

BEST REGARDS,
R. MILLER
F. GOMEZ

4207 CRYHOUN CP
.....

0004.0
06/13/86 (105)

Partially Declassified/Released on 26 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

84643

UNCLASSIFIED

RM 01236

June 13, 1986

Mr. David M. Piesing
Senior Administrator
Cayhaven Corporation Services Limited
Barclays Bank Building
Georgetown, Grand Cayman
Cayman Islands

Dear Mr. Piesing:

This letter is to confirm our telex to you on this date, instructing you to transfer from the Intel Co-operation Inc. account at Barclay's Bank PLC the following amount:

Five hundred thousand US dollars ($500,000) ✓

to: Barclays Bank PLC
848 Brickel
Miami, Florida 33131
TLX: 518783
Account number: 00500-3470-27821

Seven thousand US dollars ($7,000) /

to: [redacted]

Credit to account for:
[redacted]

Five thousand US dollars ($5,000) /

to: Sovran Bank, N.A.
Richmond, Virginia
Telex 823468

Credit to account for:
Latin American Strategic Studies Institute
1806 Cool Springs Drive
Alexandria, Virginia 22308
Account number 0510-000-17

Partially Declassified/Released on 26 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

page 2, piesing,
June 13, 1986

RM 01237

seventy five thousand US dollars ($75,000)

to; American Security Bank, N.A.
Washington, D.C.

Credit to account for;

[redacted]

ten thousand US dollars ($10,000)

to; Intercontinental Bank
1395 Brickel Avenue
Miami, Florida
for credit to account number 6101005764

Thank you for your direction of these matters.

Sincerely,

Francis D Gomez

Richard R. Miller
Director
Intel Co-operation Inc.

Francis D. Gomez
Director
Intel Co-operation Inc.

UNCLASSIFIED

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

CORRECTED

[redacted]

UNCLASSIFIED ORIGINAL

UNCLASSIFIED

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

Declassified/Released on 12-23-87
under [illegible]
by N. Menan, [illegible]

4098

OFFICE OF THE CLERK
Office of Official Reporters

COPY NO. 2 OF 3 COPIES

RPTS THOMAS
DCMN KOEHLER

DEPOSITION OF ADAM GOODMAN

Monday, September 14, 1987

House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 10:10 a.m. in B-352, Rayburn House Office Building, with Thomas Fryman (Staff Counsel of House Select Committee) presiding.

Present: Thomas Fryman, Staff Counsel, Spencer Oliver, Counsel, Victor Zangla, Staff, on behalf of the House Select Committee on Covert Arms Transactions with Iran; Henry J. Flynn, Investigator, on behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition; Allen L. Schwait and James H. Scott of Frank, Bernstein, Conaway & Goldman, 300 East Lombard Street, Baltimore, Maryland, on behalf of the witness.

UNCLASSIFIED

. BY MR. FRYMAN:

. Q Let's go on the record then. Would you state your full name for the record.

. A Michael Adam Goodman.

. Q And in what city do you reside, Mr. Goodman?

. A Technically, Glyndon (GLYNDON), Maryland. It is just north of Baltimore.

. Q Do you work in Baltimore?

. A Our offices are located just north of Baltimore in a little town called Brooklandville. It is ten minutes north of the city, about an hour from Washington.

. Q You are employed by the Robert Goodman Agency, is that correct?

. A That is correct.

. Q What is your position there?

. A My current position is I am vice-president, and also referred to as a political director of the agency. I am one of two vice-presidents under the president and founder, Bob Goodman.

. Q Are you one of the owners of the agency?

. A No, I have no equity or stake in it.

. Q Where did you attend college?

. A Went to Haverford College.

. Q Did you obtain a degree?

. A I did, a B.A. in history.

UNCLASSIFIED

Q What year?

A Graduated in 1977.

Q Did you attend graduate school?

A No, I have taken a few courses here and there but nothing formal.

Q Have you worked for the Goodman Agency since 1977?

A No, I started there in January of 1982. I have been there now about five and a half years.

Q What did you do between 1977 and 1982?

A Many things. I started off working for nearly a year at Manufacturers' Hanover Trust in New York City, in their investment trust division, then I went from there to go campaign in Oklahoma, a campaign for governor. The candidate was Ron Shotts, the Republican nominee that year. Unfortunately, he fell a few votes short.

My position in the campaign was deputy press secretary. When that didn't quite pan out, I then decided to honor my Peace Corps. yearnings and went back into public interest law and to that end, my mom was in Tucson, Arizona, so I thought I would go there and really get a little dose of social work under my belt.

This was the kind of thing I felt comfortable with and, at that point, I worked for the Tucson Urban League, Big Brothers. I did some work in the Pima County jail system, counseling young people as they just came in, what their rights were, and this is as a volunteer. And I supported myself from a number of things, from waiting on tables to doing some advertising, marketing, really selling ad~~s~~ space for a professional volley-ball team, of all things, and along the way met some people who were interested in solar energy.

. And that seemed to jibe with my feeling about what I wanted to do with my life at that point. Within a month or so, I raised $25,000 in capital and started a solar energy corporation in Tucson, and I think now we are talking about 1979, I think, mid-1979. And about six, seven, eight months into the experience when I found all I could afford was oatmeal and generic beer at night instead of three-course meals, I found this less ~~that~~ (than) optimal, and about that time I got a call from a campaign ~~go~~~~fer~~ (For Governor) up in Washington state, who needed a press secretary.

. The candidate was the current Secretary of State, then Secretary of State, Bruce Chapman, who is a moderate to liberal Republican, a heck of a nice guy, and I did his press through the primary. He lost to the eventual winner, John Spellman, King County Executive at that point, and I went from there to working for Marilyn Ward, who was running for State Treasurer, who was in a quixotic race but a marvelous woman, and we had a heck of a time trying to get the legitimacy, but we did awful well. I think we lost 54 to 46

UNCLASSIFIED

to someone who had been in more than 20 years.

And after that experience, really another month or two before I was asked to join the Republican State Committee of Washington state and did their communications and press. And we are now in the first part of 1981, and worked throughout the remainder of the year trying to adjust to being a new found conservative regular Republican, which wasn't always easy to do, or successful.

At the end of that year, I think it was in December, my father called me and said, ''Look Adam, I think you have been out on the trail long enough, we are having a very busy year in 1982, I would love you to come back and consider coming back and joining us.'' And that challenge was the fact I was trying to get out of a relationship with someone for a year and a half, and who I had met in Arizona. It seemed the only way I could delicately get out of the relationship was to move 3,000 miles across the country.

I did that and joined the firm in January of 1982 and have been there ever since.

[Discussion off the record.]

BY MR. FRYMAN:

Q Well, back on the record.

I take it from your answer, you have not served in the military, is that correct?

A No, I have not.

UNCLASSIFIED

. Q And you did not actually serve in the Peace Corps.?

. A No.

. Q So you have worked with the Robert Goodman agency since January of 1982?

. A That is correct.

. Q Have your duties varied in the five years that you have worked there?

. A Very much.

. Q Would you briefly describe?

. A Well, they weren't really sure what to do with me when I came in because my father and the other vice-president, Ron Wilner, had been together for about 27 years and, creatively, they really handled everything that came out of the agency in terms of scripts and strategy and post-production television and radio spots; and I really have evolved over the course of the years into the agency's first account executive. But from the very beginning I strove to put together a top-notch media buying, media placement division within the agency. That is really how I got my feet wet, because they really ~~weren't~~ WERE used to just calling up a campaign and saying, ''What do you have today?'' and they say, ''We have $5,000'', and call up a station and say, ''What can you do with $5,000?''

. We were not technically polished back in the 1970's, and into 1980 and 1982. So I put together, eventually, with the use of computers, really, what I think is a top-notch time-buying arm of the agency. And over time, probably beginning in 1983, I started to become a little more involved with the campaign side in terms of strategy and consultation. I was like the day-to-day guy. When my father wasn't around or Ron wasn't around, I would field the calls and help as best I could.

. I think my first big break in that sense, something that [illegible] ~~placed~~ my stature within the agency, was my service for a familiar person by the name of Frank Rizzo back in 1983, when he ran for mayor, once again [illegible] of Philadelphia, [illegible] ~~and~~ in a primary against Wilson Goode. I think Frank took a personal liking to me, valued my views and whatever else, and so, from that point onward, I think my position changed somewhat in that I think I was held in more--given a sense of position of more trust and esteem maybe within the agency and just continued from that point onward to [illegible] ~~continue to~~ get my feet wet and understand politics from a paid media side as opposed to free press.

. I think Ron Wilner and my father and I see ourselves as kind of a triumvirate of equals, each with a different specialty and different perspective on things. And we talk every day and we think there is a lot of value in getting and hearing all three opinions; and getting consensus or feeling [illegible] about possibilities or options creatively in the many assignments we have in the political industry.

. Q Does the Goodman Agency have one office, or do you have more than--

. A We just have one, one in Brooklandville.

. Q How many employees does the agency currently have?

. A Currently, we have six full-time employees, currently, plus Tom, we have essentially a subcontracting~~, a~~ film crew, with some top cameramen ~~who do~~ all our film work for the last ten or twelve years headed by Wolfgang Wawrzynowicz. And, we also have someone who works a lot with an editor by the name of Terry Halle.

. Q Going back to the six full-time employees you mentioned, your father and Mr. Wilner and yourself.

. A Yes.

. Q Who are the others?

. A The other employees are Carole Jacobs, who is basically my father's executive assistant, and receptionist and ad infinitim, and then there is Colleen Vickers, who is now our accountant, really our bookkeeper, not really a certified accountant, and she, at one point, started ~~really~~ with me in the media division. She did a lot of work. I assumed part of the process doing some, and finally Bruce Mentzer, and Bruce joined our agency, I think it was, the end of 1985, towards the end of 1985.

. Q Now, during the last three years, how has the firm handled its bookkeeping, has the bookkeeping generally been done internally over that period of time?

. A Yes, sir. We had a bookkeeper retire this year, by the name of Melva ~~McCormack,~~ and Melva han been with the agency practically from the very beginning, twenty some years, and she did all of the bookkeeping and the in-house accounting, and we have an accounting firm that we use for our taxes and for advice, I think here and there, out of New York by the name of ~~Horn~~ Horne and ~~Horn~~.

. Q There has basically been one person in the bookkeeping department over the last three years internally?

. A Yes, sir, Melva up until, I think, she stepped down in January or February of this year. That is when Colleen went from the media division to take over the bookkeeping assignment.

. Q You have an independent accounting firm that is--

. A Yes, sir.

. Q Does the independent accounting firm also issue audited statements or issue an opinion on financial statement?

. A I am not really sure. We are not a, I guess we are incorporated, I am not sure really how that works.

. Q Is the bookkeeping department, is that an area that comes under your supervision?

. A No.

UNCLASSIFIED

. Q Whose area is that?

. A It really isn't ~~in~~ [illegible] anyone's direct supervision, I think everyone in the agency, at different points, is interested in the flow of money from different campaigns. And if I have a $50,000 time buy for a Bruce Chapman in Washington state, my interest would be making sure that the money comes on time and then making sure it is disbursed properly to TV stations, if that is, in fact, what we are doing with the money at that point.

. Q There is no one executive?

. A No.

. Q That supervises?

. A No.

. Q Melva and now Colleen?

. A No. I should say, I guess, my father more than anybody, I ~~[illegible]~~ do think she is accountable to him, but I don't think the word supervision, I don't think you would really say anyone is directly supervising her.

. Q Just for the record, Mr. Goodman, would you briefly describe the types of services that your agency performs?

. A Sure. I think now you could fairly say about 85 percent of our business is political. Almost all of that is campaign oriented. We have been in business 27 years, but in terms of politics, we have been handling, doing political campaigns for the better part of 20, 21 years perhaps and

UNCLASSIFIED

our assignment now or our area of specialty is paid communications or paid media.

We are involved in ~~paid~~ [illegible] and producing, creating, scripting-producing, post-producing, and distributing television and radio commercials for candidates and campaigns across the country. Now, in addition to that, depending on the campaign, we also offer a lot of other services here and there, like speech-writing and general consultation about campaign strategy, and more specifically campaign communications which run the gamut of everything from press releases to major statements on issues or concerns the candidate might confront over the course of an election cycle. Really television and radio.

Q So I take it from your answer, one thing you do is you write testaments.

A Yes, sir.

Q And you said earlier you had a subcontractor that does filming of testaments.

A Yes, sir.

Q You would supervise that?

A We call ourselves a hands-on firm. We do everything from directing the spots to going into the studio after the filming and actually putting the spots together, post production. And lots of spots we don't go out and film, we do them ~~go~~ in the studio on video tape, normally, the 24-

UNCLASSIFIED

hour turn around type spots, and we are really hands-on every step of the process. We are really more than anything, if you had to call it something, we are first and foremost film makers.

. Q Now, what is your role in the purchasing of air time on stations in a particular area for carrying your spots?

. A Bruce ~~Muntzer~~, Mentzer who I talked about before, is technically the media director and he is responsible, really, for day-to-day media placements, but he didn't assume that title until January or February of this year. Prior to that, before I was made a vice-president, which was within the last six to nine months, I was really, my title was media director. And as part of that job, my responsibility was to coordinate time placements, to put together strategies for time placements and that was my primary function, and it somewhat continues to be my primary function in campaigns that we are involved with, even today.

. Q When you say strategies for time purchases, what do you mean by that?

. A Well, there are many different ways to skin a cat in a political campaign like in a state-wide campaign dealing with multiple markets and trying to make decisions about where best your money can be spent, or where [illegible] does the most effective job, where are the voters really ~~in~~? If you have

UNCLASSIFIED

obviously finite resources, you have to make some judgment calls, based primarily in my case on empirical [illegible] ~~imperical~~ data, but beyond that, of course, what my gut tells me, really, at any given point along the way, some campaigns and candidates will depend on me, primarily, as one of my major resources ~~responses~~ for advice, about ~~but~~ what to do with their money, their time buy money, their television and radio money over the course of the campaign.

. Q So, does that involve decisions, one, about which station should carry the ads?

. A Yes, sir.

. Q And, secondly, the intensity of a buy in a particular area, and by that I mean the number of times a spot would be aired in any particular area?

. A Yes, sir, precisely.

. Q Those are the two areas basically, what is the station you placed the ads on and--

. A Right.

. Q How they are run on any particular station?

. A Exactly.

. Q That is basically the strategic decisions that have to be made?

. A Yes, sir, and to put the strategies together and make that as media a proposal to the campaign and the people who ultimately make these decisions which, generally, are either candidates and/or certain key players during the campaign, the director, campaign manager, and so forth.

. Q Is there a general pattern as to how the agency is compensated for its work in a campaign?

. A We wish there were a rule to govern this type of thing. More often than not, it is a combination of what we call [illegible] fees and commissions.

. Q Would you explain how that works?

. A Yes, it is different for every campaign in every race. I think we look at certain races like doing a race in California, doing a race in North Dakota, because of the size and importance of the race. And in California versus North Dakota, we would tend to command more of the total compensation, and the reason we do fees and commissions, generally, is we are trying to find a way to make it easiest on the campaign, to pay for what we think is what we would like to charge overall for the campaign.

. So, for instance, in a Senate campaign in California, if we think that campaign involvement is worth $200,000, generally, what we will do, we will say, okay, we will charge a fee, $5,000 a month, say, and commissions up to, usually with a cap, up to $200,000. So we will ~~look~~ Lock [illegible] in, hopefully, a contract price in that case of $200,000. In the case of North Dakota with a similar race, both Senate campaigns, where we are not really [illegible] as you would in

UNCLASSIFIED

California $15 million, but raising $1.2 million, then we would adjust our compensation ~~form~~ Formula MGA to reflect compensation realities of the differences in the ~~race~~. percentage MGA

. Q When you refer to commissions, what are these commissions on, if you would explain that for the record.

. A Commissions just refer to ~~the~~ MGA standard media commissions, and every ad agency on the map will tell you they get most of their income from commissions. Generally, the standard commission cut is 15 percent which means, if a spot on ''Good Morning America'' costs $100, the station will be paid $85 or 85 percent of the cost of the spot and the agency will retain $15 or 15 percent, and that is pretty standard throughout the industry, ~~and~~ A MGA in some cases, Tom, in these campaigns, campaign managers or candidates will work out different kinds of arrangements on commissions.

. They might cap commissions on some occasions, or they might say we don't want ~~you to pay a~~ To pay you MGA standard ~~15~~ 15% MGA, but pay you ten percent or seven and a half percent, that type of thing.

. Q That is a matter that is negotiable?

. A This is all negotiable, sure.

. Q Generally, commissions are a major source of income for us; for the agency, is that correct?

. A Yes, sir.

. Q And you mentioned fees. Just to take an example,

UNCLASSIFIED

if a campaign asks you to prepare their television spots, to prepare the script, to supervise the filming and put the spot in final form for airing on a station, normally, would you charge a fee for that sort of work, for the preparation of the ads?

. A Generally, we do, Tom, as we have our fee and commission structure set from the very beginning of the campaign that carries, [illegible] the whole campaign. We don't do it on a project-by-project basis. Once in ~~awhile,~~ [illegible] we will have an arrangement like that, come into a campaign late and they are having trouble with their current media consultant. In that case I think, we would price it on a project basis.

. Generally, no, we like to have or use monthly retainers. We have a guarantee of steady income. Generally, in most races I think, it is $5,000 a month. And regardless of how many spots we produce, regardless of how may speeches we write or ~~advice~~ [illegible], that would be our standard retainer. We make up the rest of the difference between that and what we like to make in the campaign with commissions.

. We don't always place time buys in every campaign. Some campaigns we will have other arrangements for those, some will use other agencies just for the time placement part of it, or perhaps in some cases, other general consultants are brought into the campaign who have a time buy capability and will be given the time buy. So it is not standard that we always have that kind of arrangement and in those cases, Tom, we then depend ~~it~~ [illegible] on getting a share of the commissions rebated back from whoever is doing the placement or we go on a straight fee basis.

BY MR. FLYNN:

Q You are talking about film making?

A Yes, sir.

Q Are these films, for instance, that you would shoot at some kind of political gathering?

A Yes, sir.

Q Or some kind of filming on television?

A Both. It could be anything from a 30 second spot to a maybe ten minute video on a candidate and family, what he or she is trying to accomplish.

MR. SCHWAIT: I am not going to object to more than one person taking the deposition unless we get into areas that might be controversial. I don't mind this kind of fill-in in this kind of situation. Ordinarily, I would object.

MR. FRYMAN: Off the record.

[Discussion off the record.]

BY MR. FRYMAN:

Q Back on the record.

Mr. Goodman, when you purchase air time on a television station, is the station normally paid by your agency?

. A That is correct.

. Q Then you bill the client for that time plus the amount of the commission, is that correct?

. A Well, technically that is correct, but ~~on~~ In almost every case ~~of~~ political campaign~~s~~ since, as you are aware, we get the money for the time buy as they say, up front, because TV stations are ~~will~~ aware of the ~~vagarities~~ of a campaign and how sometimes the best laid plans go astray, and so, it is cash on the table kind of business for political campaigns in terms of buying TV and radio time.

. So, when you say bill normally, what we do is receive, if we had a $50,000 time buy, we would receive $50,000 first from the clients. We would then take 85 percent of the $50,000 and send that to the various stations ~~and~~ time buy and, at the same time, we would bill, as a confirming invoice, bill the clients for receipt of $50,000, a breakdown of how that was spent on the various stations.

. Q Now, there are some situations you indicated where you will prepare the advertisement, but the time buy will not be effected through your agency?

. A That is correct.

. Q In those situations, you indicated the fee for the preparation for the ad will be adjusted.

. A Will be adjusted, yes.

. Q I take it it will be more than it normally would be?

. A Yes, sir. That is a safe assumption, yes.

. Q What sort of controls are there to assure you that a client will not take an advertisement, which you prepared for a low fee, and arrange the time buy itself and cut you out of the commissions for that ad?

. A Well, [illegible] ~~it~~ is a good question. I don't think we have any safeguards ultimately to prevent a client from taking spots we have produced and placing those spots directly [illegible], with or without our knowledge. I think [illegible] ~~they~~ would be [illegible] ~~without~~ our knowledge in every case. We have no safeguard[illegible] for that. We would never vouch in a particular campaign there wasn't more than one group or person directing and placing ads, that is true other than, Tom, under the contract that we will draw [illegible] with the campaign, it is stipulated in most cases we are talking about commissions [illegible] in every case, we will receive X percent, ten percent, 15 percent, whatever [illegible] ~~full~~ commissions on all media buys from terms, that we produced so that, if in fact that would occur, it would [illegible] ~~be~~ technically--probably be a violation of our contractual agreement.

. Q When you prepare an advertisement for airing on the television station, do you ship the advertisement directly to the station from your agency?

. A Normally, yes.

. Q After the ad is run, is it returned to your station?

. A Normally, no. Normally, what the station will do will keep that spot for a certain period of time, usually a couple of months. If it is not used for a couple of months, they will destroy the dub. That is a dub copy of the master of that spot from our studios.

. Q Do they contact you before they destroy it?

. A Some do, but most don't.

. Q What is the form of the ad that is normally shipped to a station, is there a certain size tape?

. A That varies. Now, more often than not, a one-inch video tape is the accepted size of a broadcast quality tape that we send stations, but the older format, two-inch, is still used in a lot of smaller markets in the country, and in many cases, with cable television stations, with even some of the smaller stations in the country, three-quarter inch tape is also requested, so it is really a variety of formats.

. What we try to do is determine when we are going into a market [illegible] ~~we~~ call the traffic departments and make the request for certain information, including what type of tapes ~~you~~ [illegible] normally accept. So [illegible] we know what to tell our studios in the dubbing process.

. Q Am I correct that any TV station in a major market would normally use either a one-inch or two-inch tape?

UNCLASSIFIED

. A Yes.

. Q It would be unlikely that a major station would use a three-quarter inch tape?

. A Very unlikely.

. Q Now, I take it you frequently provide copies of your tapes for your clients for their own viewing and their own use?

. A That is correct.

. Q Do you normally provide one or two-inch tapes to your clients?

. A No.

. Q Why not?

. A Because they can't--usually don't have the equipment to be able to project those. The standard format for personal use, most standard format is half-inch, VHS. I think 70 percent of the people in America that have video recorders have [illegible] VHS type of format. There is Beta, half-inch Beta, which is the next most common format, and finally, three-quarter inch which is better quality reproduction than half-inch, and we prefer to send that to clients whenever possible because we want them to see it closer to broadcast quality, which is normally one or two-inch and it looks much better than you would see on a half-inch player.

. Again, to summarize, ~~have~~ [illegible] -inch and three-quarter inch are two formats we would send in 99.9 percent of the cases.

UNCLASSIFIED

We have no reason to send one-inch unless they had a studio in their den and they had a one-inch player.

. Q Do you know whether it is technically feasible to take a half-inch or a three-quarter inch tape and reproduce it on a one or two-inch format?

. A It is.

. Q Do you lose quality?

. A You lose some quality every time you dub from the master, you go down [illegible] ~~to~~ what they call a generation, you lose some quality, and in this case I think, you would lose more quality going from three-quarter inch to one-inch than you would going from one-inch to three-quarter inch.

. But you could take a three-quarter inch tape or half-inch tape and transfer it to a format that stations could use and broadcast, and the quality wouldn't be the best, but I think you [illegible] ~~get understood~~, meet the minimum standard for broadcast quality stuff.

. Q Do I understand correctly from your answers, that if a client asked you for a one-inch tape for the client's own viewing, that you would send them the tape?

. A Oh, sure, whatever they want. I don't think we have ever received a request for one-inch from a client. In some cases, I think I said earlier, normally, we just send the tapes directly to stations. There probably have been some cases in the history of the agency where we would send a finished broadcast quality one and two-inch dubs to satisfy the campaign, because of the need or effort to reduce turn-around time.

. We knew when he wanted to go on the air much more quickly on certain spots, we might, in that case, send the finished dubs out to the campaign manager and he or she would hold them until the proper time. Instead of worrying about Federal Express, we might send them on the Presidential campaign ~~out~~ to distribute the things and get the things on faster.

. Q You mentioned that that 85 percent of your work, or approximately that within the last year or so, has been in political campaigns?

. A Yes, sir.

. Q Is that correct?

. A That is correct.

. Q By that, you mean Senate and Congressional campaigns?

. A Yes, sir.

. Q And state campaigns?

. A Yes, sir, the whole gamut.

. Q Do you specialize in any particular party?

. A As Republican or Democrat?

. Q Yes.

. A We really are a Republican firm and over the years.

I would say, 95 percent of the work has been for Republicans. We have done a few Democrats, including ex-Governor Hughes, Harry Hughes in Maryland, and of course, Frank Rizzo who was a Democrat in 1983. He is now a Republican, or whatever. And I think, as I recall, my experience, I think, I am not aware of any candidate, Democratic candidate, we have ever handled for federal office.

. The reason is very simple. We have helped so many Republicans win federal offices, especially in the U.S. Senate today, that we feel we would be violating our friendship and trust if we went back and tried to cancel a Republican vote in the Senate with a Democratic vote, plus national parties aren't too happy.

. Q The other 15 percent of your work, is that commercial work?

. A Primarily. In fact, yes, it is commercial work. We have had, for instance, the West Virginia Coal Association contract, not really a PAC group, but special interest group, and we do some advertising for them and that goes most ~~sort of~~ way back in our--with our experiences with current Governor Arch Moore when he was first elected, I think back in the late 1960's, as major Governor of West Virginia, we became more closely tied with things down there.

. At least through the coal association, at some point.

UNCLASSIFIED

we did some tourist business and other things. Most of that--most beyond that, I think all the rest of the commercial is very sporadic.

. Q Now, Mr. Goodman, your agency was retained in 1985, was it not, by an organization associated with Carl Channell to do some work for that organization?

. A That is correct.

. Q Do you know how Mr. Channell came to retain your agency?

. A We received the first call from a person by the name of Roger Wilkins in early '85, 1985, and my father took the call, so I wasn't aware of everything. I can't give you first-hand knowledge. It is my understanding that Mr. Channell had come to learn about our group because of some of the work we had done in the past in West Virginia. I assume that must mean work for Governor Arch Moore as opposed to say, the coal association.

. And, perhaps, he had heard other opinions I am not aware of, but he at least heard something about us and heard we were good at what we do, which is making television and radio spots and that is how supposedly Mr. Wilkins was told to, why Mr. Wilkins was told to place the call to us.

. Q Do you know Richard Miller?

. A Yes, I do.

. Q When did you first meet Richard Miller?

. A Oh, boy?

. Q Did your acquaintance with him pre-date your association with Mr. Channell?

. A No, it did not. We almost all--Mr. Miller and Mr. Channell -one and the same thing. They had separate organizations, but we came to learn about him after we had met Mr. Channell.

. Q Do you know if Mr. Miller ever had had any association with the Robert Goodman Agency prior to the Channell association?

. A No, I am not aware of any association.

. Q Now, Mr. Channell originally did not ask you to be involved in a political campaign, did he?

. A That is correct, he did not.

. Q What did he ask you to be involved in originally?

. A Originally, he talked about the contras, the Nicaraguan resistance, and he was interested--the first discussions with us, he was interested in really promoting their cause. Meaning, he felt that if Americans were made more aware of the situation as it existed then in Nicaragua, that they would be much more favorably disposed toward their cause and all that that might entail.

. So, basically, it was a discussion about a public relations effort to ~~want to~~ educate Americans, to make the resistance more familiar to ~~with~~ them, and secondarily, really in concert with that, more worthy of American support.

. Q Would you ~~describe~~ describe that as an issue you campaign?

. A Yes, sir.

. Q Or public education?

. A Exactly. I called it ~~an~~ issue and advocacy advertising.

. Q Has your agency previously been involved in that sort of work, or was this a first for the agency?

. A It certainly was a first to this degree. I think we probably--I think we did some work before I was with the agency, with the American Medical Association, a PAC group, and I am sure we have done a few others, but this is really our first full-fledged experience with a public interest group, really helping them to this degree with their communications, or basically, with their paid advertising.

. Q With the television advertising campaign?

. A That is right.

. Q Were you aware that other agencies had been involved in this sort of program before?

. A With Mr. Channell?

. Q No, with any special interest group.

. A Yes, sir.

. Q So this was a first for your agency, but it was not a first in the industry, if you will.

. A That is correct, and our motivation here, Tom, was it's very tough when you have a lot of business in the on-years but not so much in the off-years. [illegible] This is one way, one direction that [illegible] ~~this~~ seemed to suggest a very nice cushion in terms of making profits in the off[illegible]election year cycles ~~and~~ as a more on-going type of business as opposed to campaigns, which [illegible] ~~had~~ a very finite beginning and very most ~~very~~ finite ending.

. Q Do you recall when the first contact by Mr. Channell occurred approximately?

. A Him directly?

. Q Yes.

. A It was something like February, as I recall, something like February or March of 1985. I think he contacted us or my father fairly soon after Roger Wilkins had made the first contact.

. Q Was there a meeting shortly after that?

. A I believe there was.

. Q Did you participate in the meeting?

. A I am sure I did.

. Q Was that here in Washington or in Baltimore or somewhere else?

. A One or the other. My recollection is, we came over and met Mr. Channell. Well, I can't--I really can't recall, it could have been either place.

. Q Do you recall that your agency reached an understanding with Mr. Channell sometime early in 1985 about some services that you were to perform?

. A That is correct.

. Q Can you describe what that understanding was?

. A The understanding was we were going to produce an undetermined number of commercials, MOS ~~was~~ to promote this public education of the contra cause and, in terms of compensation, we did charge a fee for the very first series of spots.

. At this point, we weren't sure what this relationship was all about. In fact, I don't believe--my best MOS ~~best~~ recollection is, I don't think we ever signed a contract with Mr. Channell outlining what our duties may MOS ~~might~~ or may not be. And the first project really came back to the original questions. I think we charged a $10,000 fee which we thought was a one-time experience, meaning we might not do any other work, which is why we did it that way--and commissions--which were MOS ~~was~~ the standard 15 percent agency commissions allowed by stations.

. Q I take it in light of our discussion earlier this morning, the commissions were to be an integral part of your compensation?

. A That is correct.

. Q Pursuant to this understanding, did your agency perform a variety of services for Mr. Channell's organization in 1985 and 1986?

. A I am sorry, would you repeat the question?

. [Question read.]

. A I can't say, Tom, it is not correct to say pursuant to that understanding, perhaps, and be accurate because there really was no clear understanding that we were Mr. Channell's ad agency and, in fact, we were made aware at many different points along the way, I think well into 1986, that when Mr. Channell would conceive of a project, where television or radio might be involved, that he, essentially, [illegible] ~~he went~~ out for [illegible] ~~bid.~~ He would go and solicit ideas and proposals from more than just us, from other agencies as well, so we always felt we were one spot away from either being more endeared to his organization, or [illegible] ~~find~~ ourselves with a short-term arrangement.

. Q But your agency did produce a number of spots for Mr. Channell's organization in 1985 and 1986?

. A That is correct.

. Q An integral part of the compensation for your work for those organizations was commissions for purchasing air time for the spots, is that correct?

. A That is correct.

. Q Just to follow up, Mr. Goodman, on one comment you made, you said you were aware that Mr. Channell, from time to time, sought proposals from other agencies?

. A That is correct.

. Q What other agencies do you know performed work for Mr. Channell's organization?

. A Actually performed work?

. Q Yes.

. A There was, as I understand it, a production firm out of New York, I think one of the principal's names was Kilo.

. Q Blackmore or Blakemore?

. A Blakemore and Whitmore, or Blakemore.

. Q And Kilo?

. A Yes, I think that is [illegible] ~~a~~ firm, [illegible] we just learned about that;--I think--it was through the newspapers., [illegible] it had to do with a project Mr. Channell wanted us to do, I think, originally, and [illegible] ~~when~~ we rejected [illegible] because we objected to the nature of the ad--

. Q What project did you understand that to involve?

. A We understood it to be a project where an ad or series of ads would be essentially directed against Senate aspirant, Barbara Mikulski, who was running for the Senate in Maryland, in 1986, and being from Maryland and basically objecting to the nature of the effort, we declined to even make a proposal.

. Q Did I correctly understand that your firm was not involved in preparing advertisements for the Mikulski campaign?

. A That is correct.

. Q Or you were not involved in preparing advertisements for the Chavez campaign?

. A That is correct, we were not involved.

. Q Other than the Blakemore firm, what other firms do you know performed services?

. A I am not aware of any other ad agencies that performed services. I do know of one firm that was making a pitch or made a proposal for a piece of business, [illegible] called, ''Don Ringe and Associates, R-I-N-G-E, simply because I think [illegible] ~~once someone~~ showed me a script, or copy of a script, that they had proposed, having to do with [illegible] ~~resistance in~~ Nicaragua resistance, and as I recall, that was sometime in 1986. [illegible] Just [illegible] ~~reenforced~~ the impression we were not an agency hired in perpetuity, but rather one that was going to be evaluated on each and every proposal we made on different projects Mr. Channell might be envisioning.

. Q I ask the reporter to mark this document as Goodman Deposition Exhibit 1 for identification.

. [Exhibit No. 1 was marked for identification.]

. Q Mr. Goodman I have had marked as Goodman Deposition Exhibit 1 for identification what appears to be a script prepared by Ringe Media, Inc., dated January 28th, 1986

UNCLASSIFIED

Would you look at that document. Is that the script you just referred to?

. A That is correct, that is the script I recall.

. Q Where did you get that script?

. A I really can't recall who I got it from, though I think I recalled the event, it was one of the two fundraisers that we were invited to by Mr. Channell, either late 1985 or early 1986. This must have been early 1986. Just as guests of Mr. Channell because, really, for the reason, according to Mr. Channell, getting to see and meet some of his contributors, so we would get a better feel for the types of interests we were representing in the ads we were producing for Mr. Channell.

. I think I got that at one, at [illegible] ~~that~~ particular fundraising event. Who I got it from, I can't recall.

. Q Was this the briefing at the White House on January 30th, 1986, and the subsequent meeting at the Hay-Adams Hotel that you are referring to?

. A I received this at [illegible] ~~a~~ Hay-Adams Hotel, I think that was--that seems to be the date of the meeting. As I recall, that is correct.

. Q On this deposition Exhibit 1, there is an indication at the top that the client is TBA. Do you know that that stands for?

. A You would have to ask Zinga Media. I am not aware

UNCLASSIFIED

of that.

. Q So your recollection is someone gave this to you at the meeting at the Hay-Adams Hotel?

. A That is correct.

. Q But you do not recall the person?

. A I don't recall who that was.

. Q Was it someone associated with Mr. Channell's organization?

. A It may have been.

. Q But you are not sure?

. A No, I am really not.

. Q Did you understand that this was a proposed ad or did you understand that this is an ad that was going to be run?

. A My understanding, my recollection, my understanding was that this was a proposed ad that, I assume, Mr. Channell and his people were considering, and I am not sure how this ad fit into the total framework of everything else they were trying to do on television and in their general campaign for the Nicaraguan resistance, but I remember reading this and thinking that, This [illegible] is an awfully tough way to do this thing.

. Q What do you mean by that?

. A Well, there were times, when in the process of arriving at final scripts with Mr. Channell, that he would take a much more direct and, what I call, hard-hitting approach to a TV spot, and in every case we would try to tone that down. One, because we ~~thing~~ if you pushed too hard in making certain points like this, it looks like you are involved more with propaganda, unsubstantiated in fact, than simply laying out the facts of the issue. We also, as we came to learn about this program, Tom, we just felt the facts, ~~sustaining~~ the facts was enough to make the case and make it forcefully.

. We didn't want to force feed the viewer. This obviously was a spot. I remember reading this and remember thinking, burning crosses and schools closed, and so forth. We just objected to the approach and--

. Q Did you talk to Mr. Channell about this?

. A About this particular ad?

. Q Yes.

. A Not that I recall.

. Q Did you talk to him in general about his consultation with any other advertising agencies?

. A Either Mr. Channell or Dan Conrad would allude here and there to the fact that they were seeking other proposals. I am not sure if they ever mentioned names. We were well aware we weren't the only ones bidding for certain pieces of business. It would seem Mr. Channell segmented most everything seemed to be on a project-by-project basis.

. We didn't look at this as ~~against~~ an on-going relationship as much as we did [illegible] suppliers pitching ~~in~~ [illegible] every time for certain projects in terms of ~~it~~ [illegible] when we would do it, creatively and so forth.

. Q You don't recall making any specific comments to Mr. Channell after you saw Exhibit 1?

. A No, I don't.

. Q Either about this ad or about involvement of Ringe Media.

. A No, I don't.

. Q I ask the reporter to mark a copy of a draft television ad for the Anti-Terrorism America Committee on the letterhead of Arthur J. Finkelstein and Associates, as Goodman Deposition Exhibit 2 for identification.

. [Exhibit No. 2 was marked for identification.]

. Q Mr. Goodman, I show you Exhibit 2. Do you recognize that document?

. A Yes, I do.

. Q How did you happen to receive that document?

. A We received it by ~~Quip,~~ [illegible] on our office ~~Quip~~ [illegible] machine, and my recollection of this was Mr. Channell told me that an associate or someone who worked for the Arthur Finkelstein Associates polling firm had an idea for a spot and he thought it had some merit. He wanted me to talk to this person. I can't recall off-hand who it was. He sounded like he was a very sharp and interesting person, and he told me his concept and I said why don't you ~~Quip~~ [illegible] me a copy so we can take a look at it, and that is what we did.

. Q The Finkelstein firm was not generally involved in preparing copy for ads or assisting in preparing copy for ads?

. A That is correct, this is the only time I can recall their having been involved, had any kind of input, offering any input in the ad process.

. Q Was the Finkelstein firm working with your firm in its capacity as a polling organization on the work for Mr. Channell.

. A No, they were not.

. Q Were you aware that Mr. Channell had retained the Finkelstein firm?

. A I believe I was aware that they had retained Finkelstein. I know we heard they retained some polling firm, I am not sure. Obviously, at this time, putting two and two together, I knew they had hired a polling firm. Mr. Channell told us that.

. Q You have no recollection of making any use of the product of the Finkelstein firm in connection with your work?

. A No, I don't. May I also offer this script, as I recall, was designed to use the President as a rallying point. That his popularity at that point was awfully high in all public opinion polls, and I remember the concept here was just to make the best use of the President.

. Q Now, Mr. Goodman, after the initial discussions with Mr. Channell in early, is it 1985, that we have been discussing, your agency did prepare a number of advertisements for Mr. Channell?

. A That is correct.

. Q I ask the reporter to mark as Goodman Deposition Exhibit 3 for identification, a document produced by Mr. Goodman's counsel, headed at the top, ACT/NEPL/Sentinel, Complete to Date, 2/24/87.

. [Exhibit No. 3 was marked for identification.]

. Q Mr. Goodman, I show you Exhibit 3 and ask you if you recognize that document?

. A Yes, I do.

. Q Did you either prepare or cause that document to be prepared?

. A I didn't, [illegible] but someone within the agency did, and it was a compilation, actually trying to ~~get~~ [illegible] what they call a menu of spots that we had produced for the various organizations controlled by Mr. Channell.

Q Why was that document prepared?

. A In looking at the date, February 24th, 1987, I [illegible] wanted to make sure we had a complete record of all the spots we had ever produced for his organization because, at that point, we had been made aware of the Iran contra affair and felt--and had been asked--actually been called by a lot of reporters at one point in the process, and felt it would be best if we started by doing some [illegible] ~~work~~ on exactly what we had done for Mr. Channell's organization, and this was part of the effort to refresh our memory and also provide this, if ever requested, to anyone that was interested.

. Q Did Mr. Channell or anyone in his organization ask that this be prepared?

. A It is possible, Tom, I can't really--can't recall. I thought this was only for our purposes. He might have made that request.

. Q It is your recollection now that this was prepared as a result of an internal initiative within your firm, and not in response to some request by Mr. Channell?

. A I believe so. That is my best recollection, [illegible] ~~thought~~ I won't be surprised if, at some point in this process, they had requested a copy of all the spots they had ever done. I know that we were interested in getting this record for ourselves. It may not have been exclusive to other things.

. Q I ask the reporter to mark as Goodman Deposition Exhibit 4 for identification, a group of pages produced by counsel for Mr. Goodman, which are on the letterhead of the Robert Goodman agency, Inc., and appear to be scripts for various television advertisements.

[Exhibit No. 4 was marked for identification.]

. Q Mr. Goodman, would you examine Exhibit 4, okay? Look through the pages and just confirm that these are scripts of advertisements that were prepared by your agency.

. A Yes, they are.

. Q Now, Mr. Goodman, there appears to be a number of scripts in Exhibit 4 for advertisements which are not included on the list which is Exhibit 3.

. A Yes.

. Q And from my comparison, and we can just go through these quickly, four pages, there is a script for an advertisment concerning a wounded freedom fighter.

. A Yes.

. Q Continuing on, there is a script entitled, ''Flagship'', a script entitled, ''Iwo Jima''.

. A That is right.

. Q A script entitled, ''Our Jobs'', and several others.

. A Yes.

. Q Does that indicate that you prepared scripts for a number of advertisements which were never completed as advertisements?

. A That is correct.

. Q And the actual advertisements that were completed are the ones that are included on Exhibit 3, is that correct?

. A To the best of our recollection and our research, yes, all of those were the ones that were completed.

. Q By completed, what you mean is that the advertisement was filmed and was put in a final form for airing on a television station?

. A That is correct.

. Q Is that correct?

. A That is correct.

. MR. SCOTT: Are you saying also it was actually aired on television, or just prepared to air on television?

. MR. FRYMAN: Now, I think the question was, it was prepared to air, not that it was actually aired, but the list of scripts that are included on Exhibit 3 are, in your view, the advertisements that were put in final form so that they were ready to air?

. THE WITNESS: Yes.

. BY MR. FRYMAN:

. Q Whereas in Exhibit 4, there are a number of additional scripts that were never filmed or put in such final form?

. A Yes, that is correct.

. Q Is that correct?

. A That is correct.

. Q And in the case where there is an advertisement identified on Exhibit 3, to take as an example, a Korean airliner, if you would then turn to Exhibit 4 on the second page, you will see there is a script headed, ''Korean Airliner''. Now, does that indicate to you that the second page of Exhibit 4 is the audio script?

. A Yes.

. Q For the finished advertisement, ''Korean Airliner'', that appears on the list, which is Exhibit 3?

. A Yes, but with one word of explanation: This was what we have described in the pastra As [illegible] very ~~phonetic~~ frenetic, account, just keeping scripts current when we would make changes, say from original script wording of the original script to certain revisions, was a hard job at best and there might be some scripts between the actual final audio copy on the finished spot on the list you provided and the copy that you see on a particular script on our agency television stationery.

②

. It is possible there could be a few discrepancies even in the wording. This doesn't mean this script might not be the final script. In most cases, it will be.

. Q In most cases it will be the final script and so in situations where there were variations, is it fair to say that the variations would be editing variations rather than a complete rewriting of the script?

UNCLASSIFIED

. A Yes.

. Q If there were a rewriting of the script, what would the procedure be?

. A Well, the modus operandi was to prepare a new script with ~~a~~ [illegible] final copy and so forth, but I am sure there is at least one instance where, because again not this particular account, but the fact we are also in a political year with all these other campaigns going on, that ~~may be~~ [illegible] in one case or more, these weren't kept ~~what~~ [illegible] we say current, meaning the final actual revision would not specifically match the final video spot you would see listed on Exhibit number 3.

. In other words, I couldn't testify that this particular script was actually the final word ~~to a~~ [illegible] word, to a ''T'' you would see reflected on the final list on Exhibit 3.

. Q To summarize what I understand your answer to be, these are the scripts that were proposed by your agency for these advertisements?

. A That is correct.

. Q And the final shooting script may have had some final editorial changes?

. A Yes.

. Q If there are to be a complete rewrite of the script, the normal procedure is that there would be another shoot reflecting that rewrite?

UNCLASSIFIED

. A That is correct.

. Q Is that correct?

. A Yes. Thanks for helping me with that.

. Q I ask the reporter to mark--

. MR. SCHWAIT: Could we go off the record for a minute?

. MR. FRYMAN: Yes.

. [Discussion off the record.]

. BY MR. FRYMAN:

. Q You have something further to ad to your answer, Mr. Goodman?

. A Yes, sir. I would like to point out that beyond just copy changes, in many instances, we would have disclaimer changes as well. As you will NOTE ~~know~~ in the script, we were talking about in Exhibit 4, ~~on~~ the second page, script commercial number 302, called, ''Korean Airliner'', we had two different disclaimers for that particular spot. Disclaimer A, paid for by Barbara Newington, through American Conservative Trust, Disclaimer B, was paid for by the American Conservative Trust as a service to the people of America.

. Actually, Tom, a better example, ~~understand~~ we would have a spot that was scripted and we were told for argument's sake to be funded, paid for, and that would be identified on the spot by the American Conservative Trust.

UNCLASSIFIED

Then, subsequent to that, we would get instructions from Mr. Channell, or one of his associates, no, in fact this particular spot in question would not have a disclaimer from the National Endowment for the Preservation of Liberty or Sentinel. And in more than one instance, this happened and we got to the point, some points in this process, Tom, of asking, make a point of asking Mr. Channell or one of his associates the question, well, who is going to pay for this spot? Who is going to be the group we are going to identify in the disclaimer on the spot as having funded this thing? So [illegible] ~~it~~ became very sensitive to that because we just had a feeling that Mr. Channell wasn't always [illegible] ~~deciding~~ on which organization was going to be used as the organization identified on the particular TV shot. Was that clear?

. Q Let me just put a few follow-up questions to you, Mr. Goodman. What do you mean exactly when you use the term disclaimer? Is this a technical term that is used in the advertising industry?

. A Yes.

. Q Or a term of art that you use in the industry?

. A Yes, sir. A disclaimer is a statement of [illegible] responsibility, primarily for the funding [illegible] ~~to have a~~ particular television spot [illegible] ~~and~~ political campaign. In a federal campaign, you can't put a television spot on the air without identifying the group or groups that, not only authorized that spot be aired, but actually paid for it. In a couple cases there is more than one group.

. There were instances in 1986 when the National Republican Senate Committee would be paying for a commercial or for a particular Senate candidate and the disclaimer might read something like, paid for by the National Republican ~~and~~ Senate Committee, authorized by Friends of Paula Hawkins, whatever name of the committee was, as it is a rule of the industry, and I don't know if it is FCC or FEC. We have to identify sponsorship.

. Q Does the disclaimer have to be both in sound and sight? In other words, does there have to be both audio and a picture of the disclaimer, or can it be one or the other, or does it have to be one or the other?

. A Okay, in television, it has to be a visible disclaimer. Now, if you want to, you can make it audio as well as a visual disclaimer. You have to see the disclaimer, and the rules governing that, in general, are 1), it has to be readable, and 2) it has to be on for a minimum amount of time, which I think is three seconds. In a radio spot, it is different obviously.

. Q You referred to different organizations that Mr. Channell was associated with, and maybe we should clear that up on the record now. You mentioned three organizations, I believe, the American Conservative Trust; which is also known as ACT, the National Endowment for the Preservation of Liberty, which is also known as NEPL.

. A Yes, sir.

. Q And Sentinel?

. A Yes, sir.

. Q Now, were those the three Channell organizations that your firm dealt with?

. A That is correct.

. Q What did you understand was the difference between those organizations?

. A At the time, the first organization we did any commercials for was ACT. Then at some point, really without watching, we were told on a certain spot, I forget which spot, that the sponsoring organization is not ACT, it is NEPL, and at some point in 1986, we actually did ~~campaign~~ for Sentinel.

. We were never told by Mr. Channell or anyone in his organization, specifically, what the differences were from one organization to the next.

. Q Did you have any understanding about the difference in the legal structure of the organizations?

. A We never reviewed the charters, [illegible] never were given a detailed explanation of the differences ~~of~~ [illegible] the groups. We just had a general sense that these were all, [illegible] described this once as a developer who had many different subcontractors underneath his wing, and we just saw all these organizations as organizations, basically, run and controlled by Mr. Channell.

. Q Did you have any understanding about the tax status of any of these organizations, and particularly, I mean, did you have any understanding as to whether contributions to one organization were tax deductible, whereas contributions to another were not tax deductible?

. A I absolutely had no understanding [illegible] ~~over~~ those kinds of differences. In fact, if I may add, the first time I was made aware in any kind of detail of the differences between the various groups, among the various groups, was in January of this year, in January of 1987, when an associate of Mr. Channell's, Cliff Smith, sat down--we had lunch at one point, and he said, now, maybe I should tell you what the differences are, or explain each and every one of our organizations.

. At that point, he gave me a little more detailed explanation of these three organizations and all the others that Mr. Channell supposedly controlled. [illegible] ~~Just~~ maybe to complete the answer--I did send different types, as in my role as media director, or [illegible] notices to station managers where we tried to get clearance or access for air time, and I think in those, I remember saying something [illegible] ~~like~~ to the effect, The American Conservative Trust was a public interest group dedicated to supporting the Administration in foreign policy ~~and~~ which is as specific as I knew that to be.

. I remember in reviewing these documents in 1987, when this whole thing was coming about, that I saw another notice written by someone who worked for us, ~~ms~~ [illegible] Teresa Jacobs, who is ~~Karole~~ [illegible] Jacobs' daughter--it is a very family oriented business top to bottom--and I think she was sending the same kind of letter to stations about the National Endowment for Preservation of Liberty and she described them in just the same terms and said at the bottom something like, NEPL is just like ~~an~~ [illegible] American ~~conservative~~ [illegible] ~~trust~~ [illegible], something to that effect.

. Everyone in the agency ~~had really~~ [illegible] no feeling what the differences were.

. Q Who made the decision as to which organizations should be identified in the disclaimer?

. A Mr. Channell or one of his associates.

. Q Did your agency have any role in making that decision?

. A Never. Maybe somewhat relevant to the discussion is, I think, on two or three occasions, I was asked by Mr. Channell or one of his associates to contact their lawyer. I understand their lawyer was Curt Herge, is that right?

. Q Yes.

. A When Mr. Channell would have approved certain copy,

UNCLASSIFIED

but he would say something to the effect, well, maybe you should run it by Mr. Herge to make sure it is okay and tell him who the sponsoring organization was, which I felt showed Mr. Channell, in our opinion, was somewhat meticulous in trying to make or ensure that certain spots funded by certain organizations could be funded by certain organizations and so forth.

. Q Did you have any understanding of the criteria that either Mr. Channell or Mr. Herge were using?

. A No.

. Q To determine which organization sponsored which advertisements?

. A No, I had no specifics; had no specific understanding of that.

. Q Why were you concerned about their being meticulous or not being meticulous?

. A I was not concerned about that, just an impression I had, in giving you a, maybe, perception of how we viewed this particular client.

. Q From the agency's point of view, Mr. Goodman, what was the relationship between the client identification on the script and the disclaimer? For example, just looking at the first page of Exhibit 4, it indicates that the client is The American Conservative Trust and then there are three alternative disclaimers there. Is there necessarily, from

UNCLASSIFIED

your point of view, any relationship between the identification of the client on the script and the disclaimer that will appear in the advertisement?

. A Theoretically, yes. I say theoretically because arising--one of the results of our confusion about which group is doing what spot, what have you, is that in a number of cases, we might identify on the first script the client is The American Conservative Trust. Then we might learn, subsequently, the sponsoring organization was going to be NEPL. In those cases, I think I recall seeing a number of cases of a script where the disclaimer would say, paid for by NEPL and the clients identified at the top, [illegible] American Conservative Trust.

. What probably happened, [illegible] there was a revision and Carole Jacobs, or whoever was doing the typing, had failed to change the client's name to match the disclaimer.

. Q Was your billing done to the separate organizations, i.e., was billing done separately to the American Conservative Trust, International Endowment for the Preservation of Liberty, and Sentinel?

. A My understanding was the billing, meaning the invoices, went ~~on~~ by [illegible] projects--yes, ~~was~~ [illegible] billed to [illegible] particular organization.

. Q How did your agency determine which organization to bill for which advertisement?

. A Well, we always worked on the assumption that whoever was identified in the disclaimer as a sponsoring organization was the one we would bill.

. Q So that was the basis for the identification of the billing organization?

. A That is correct.

. Q So, if there were the case that the client was identified as The American Conservative Trust, but the disclaimer on the advertisement read National Endowment for the Preservation of Liberty, it is your understanding that the practice within the firm would be to bill the National Endowment for the Preservation of Liberty, is that correct?

. A That is correct.

. Q I ask the reporter to mark as Goodman Deposition Exhibit 5 for identification a document produced by counsel for Mr. Goodman, headed American Conservative Trust. On the first line it states Congressional insert.

. [Exhibit No. 5 was marked for identification.]

. Q Mr. Goodman, I show you Goodman Deposition Exhibit 5 for identification and ask you if you recognize that document?

. A Yes, I do.

. Q What is that document?

. A It was prepared by someone in our agency to reflect the subjects that were going to be used, or would be the focus of television commercials that we were proposing to do for The American Conservative Trust, and this particular series of spots--if I may take a moment--

. [Discussion off the record.]

. THE WITNESS: I am sorry. Yes, this was a sheet reflecting the subjects of spots that were going to be done invoking the SDI issue, also known as Star Wars, as an issue that might make some kind of difference in political campaigns that were on-going. I know, at least I can say, that was the case in the first two subjects identified, which are, Tim Wirth, who was the then Congressman from the state of Colorado, subsequently, won election to the U.S. Senate, and Alan Cranston, who was running for re-election, and ~~ran~~ successfully, for the U.S. Senate in the state of California.

. BY MR. FRYMAN:

. Q This sheet, you say, was prepared by someone within your agency?

. A I believe it was, yes. I think, Tom, it was probably prepared for whoever it was that actually went in and produced these particular spots.

. Q If you will look, Mr. Goodman, at Exhibit 4 and particularly the advertisements dated October 17th, 1986, your commercial number 1010.

. A Okay.

. Q If you will look at that script for ''Back Down'' and then look at Exhibit 5, Mr. Goodman, does Exhibit 5 appear to you to be related to the ''Back Down'' script?

. A Yes.

. Q Does this appear to be some additional copy to tailor the ''Back Down'' script to a particular campaign?

. A Okay, the sheet marked Exhibit 5, my recollection is it was to be used for ten second spots based on the same [illegible] ~~kind, same~~ theme, and [illegible] ~~the~~ intent as the script you have identified as ''Back Down'' commercial number 1010. 1010 is a 30 second version of this idea, and Exhibit 5 is the ten second--what we call ten-second knock-off [illegible] ~~mock~~ of the 30 second.

. Q Going back to Exhibit 3, which is the list of the completed spots, under the ACT list there is an indication of a ''Back Down'' spot being prepared for Cranston, Wirth, Bryant, Wright, and Coleman. Is it your understanding that those ''Back Down'' spots are related to the script for commercial number 1010 which is a part of Exhibit 4?

. A Yes, that is my unde_standing.

. Q And does Exhibit 5 appear to you to be the script for the shorter ten-second spots that are reflected on that list under the title, ''Remember''?

. A That is correct.

. Q For the same raises?

. A Yes, sir.

. Q I ask the reporter to mark as Goodman Deposition

Exhibit 6 for identification a 13 page script produced by counsel for Mr. Goodman headed, ''The Nicaraguan Contras: An Update Narration and Voice Script 10/10/85''.

. [Exhibit No. 6 was marked for identification.]

. Q Mr. Goodman, I show you Exhibit 6 for identification. Do you recognize that document?

. A Yes, I do.

. Q What is that document?

. A This was a script that was prepared at Mr. Channell's request for a film that ~~we~~ [illegible] wanted to do on the Nicaraguan resistance, and my recollection was that this was [illegible] ~~produced.~~ prepared and produced after we had been shown a film that had already been finished, and our understanding was it was either filmed or coordinated, or one way or another, by Mr. Miller and his associates, on the situation in Nicaragua.

. We were asked to view the film with Mr. Channell one day, I believe we were up in our office outside of Baltimore, and not be indelicate, but the reviews from that particular film were not ~~sope.~~ great They were very disappointing. I think it was really not only they did not get the point across, they were trying to in this particular film, but ~~we~~ one of the more amateurish attempts at a moving piece of film documentary we had seen in quite a time.

. I shouldn't have used the word amateurish. It was not the best effort. So, we were asked to ~~view~~ [illegible] it. We gave Mr. Channell our assessments, basically, we ~~don't~~ [illegible] really like this at all, and he said, can you do something about it? We said, we will try. So, Ron Wilner went about the task, and he wrote the script, which my recollection is, we eventually produced--from which we eventually produced a film called, ''The Nicaraguan Contras Update''.

. Q Do you know whose handwriting is on these pages?

. A That is Mr. Wilner's handwriting ~~and~~ [illegible] referring to visuals, [illegible] he saw to match the copy.

. Q Now, it is written at the left hand of the first page title of, ''The Freedom Fighters of Nicaragua an Update''?

. A Yes.

. Q If you will look again at Exhibit 3, the first item appears to be, ''The Freedom Fighters of Nicaragua''--is it your understanding that this was the shooting script for it--

. A Yes.

. Q First item on Exhibit 3, that correct? I ask the reporter to mark as Goodman Deposition Exhibit 7 for identification a series of sheets produced by counsel for Mr. Goodman concerning various advertisements identified in Exhibit 3 which contain a combination of text of the advertisements and photographs.

. [Exhibit No. 7 was marked for identification.]

. Q Mr. Goodman, would you examine the pages that are contained in Exhibit 7 and tell me if you recognize those pages?

. A Yes, we do--I am sorry--yes, I do.

. Q Off the record.

. [Discussion off the record.]

. BY MR. FRYMAN:

. Q Do you recognize those pages?

. A Yes.

. Q And were they prepared by your agency?

. A Yes, they were.

. Q How would you describe these pages?

. A In the ad business, ~~they~~ [illegible] have a thing called, ''story board~~s~~'' [illegible] or ''story boarding'', and traditionally what happens before you actually go out and produce an ad, you will go out with an ~~artist~~ [illegible] conception of each and every visual frame--~~which~~ [illegible] frame sometimes with ~~a~~ [illegible] copy that goes with it that you present to a client so that he or she can get a good ~~feel~~ [illegible] of how that spot is going to go and see specifically how copy matches visuals.

. In this case, we did it somewhat in reverse. We, per Mr. Channell's request or one of his associates, we would do these after a spot had been filmed, after it had been produced, [illegible] and Ron Wilner, in our agency, would go home at night and put this spot up on his VCR and freeze-frame it--

at different times take out his camera and shoot pictures frame-by-frame. It wasn't the most professional thing in the world, perhaps, but it worked and we would then take those pictures, just take a piece with the appropriate copy, and with the pictures in the spot, and would get camera-ready art done for these pieces--then send--I think we would then send, in most cases, copy of the camera-ready art to Mr. Channell or, in many cases, Mr. Conrad, who would then approve it and say, that looks great, then take camera-ready art and have it reproduced, generally, in volumes of, I think, 500 pieces at a time.

. For each spot they wanted 500 copies--glossy copies of these particular ~~what~~ we call ''story-boards''.

. Q Did they indicate to you what use they intended to make of these?

. A Yes. On more than one occasion, he indicated they were going to be used in one form or another for fundraising. They would be sent or given-- ~~or~~ one of the others to the contributors to let them know ~~what~~ about the spots that were actually on the air or going on the air.

. We were told this was for fundraising purposes.

. Q Would the text in these ''story-boards'' be taken from the scripts which are included in Exhibit 4?

. A Yes, sir.

. Q Now, your initial retention by the Channell organizations was for an issue advocacy campaign related to Nicaragua, is that correct?

. A That is correct.

. Q In 1985 and 1986, from your knowledge of the work for this client, would you say that most of your agency's work was done in connection with that issue advocacy campaign?

. A Meaning in Nicaragua?

. Q Meaning the Nicaraguan-related campaign.

. A That is correct.

. Q You did some work for other projects for Mr. Channell?

. A Some SDI--most of it was dedicated to the Nicaraguan resistance, that is correct.

. Q Turning again to Exhibit 3, which is the list of completed advertisements, can you go through that list and, if necessary feel free to refer to Exhibit 4 or Exhibit 7 if you need to, and identify the advertisements that were related in any way to the Nicaragua campaign?

. A Okay. The first--

. Q If you will read the name for the record.

. A Freedom Fighters of Nicaragua, which was the 13 minute, 16 second film--Freedom Can't Work--Korean Airliner, Party's Over, McDonald Memorial--McDonald Message--

. Q Any others under the--

A No others listed under ACT.

Q So the others under ACT, Morning of Peace, related to what?

A That related to the President's trip, and really talking here about the threat of nuclear war and trying to make the world safer for everybody--Morning of Peace profiles a little girl waking up in the morning hoping for [illegible] ~~the~~ day and many more days of a nuclear-free world. We were just cheering the President on using the SDI issue, [illegible] ~~or~~ using this issue of nuclear peace.

Q Then there is the series of ads listed on Exhibit 3 under ACT headed, Remember and Back Down, which we have already reviewed.

A Yes, sir.

Q And those related to the Congressional campaigns in the fall of 1986?

A That is correct.

MR. SCOTT: I object to the form of that question. I don't think we have established any of those related to any Congressional campaign. I think they established they related to the SDI issue and I don't think we have any of these that were directly related to a political campaign.

BY MR. FRYMAN:

Q Let me ask the question. Did they relate to political campaigns in the fall of 1986?

. A That is a good question. It was our understanding from Mr. Channell that the SDI issue was a salient, perhaps, [illegible] ~~devisive~~, issue in the fall campaigns. We had done work on the SDI issue previous to that with Morning of Peace and others. You have to ask Mr. Channell, specifically, what was going through his mind with these spots. Our impression certainly, [illegible] ~~these~~ were being used--certainly they were aired in the last week or two of the campaign--in our case one place--Colorado--very clear to us--this was [illegible] ~~morning~~--just promoting SDI issues for the sake of the issue, it had other ramifications.

. Q Was it your understanding that these ads were directed to try to defeat particular candidates?

. A Well, in the case of the one spot that actually was aired in this whole series in Colorado--

. Q That was with regard to Wirth?

. A Yes, sir. It [illegible] ~~was~~ very clear to us that was the intention of Mr. Channell. I don't know what his intention was. For instance, I see the same problem with Mr. Cranston even though we never got to the point of putting that on television. I can't recall with the other three what the intention was. I don't know if they were involved in a very close campaign or not. If that was really [illegible] ~~a~~ salient [illegible] ~~here~~.

. Q Of the five that were prepared or the five that are identified here relating to five candidates, that being

Cranston, Wirth, Bryant, Wright, and Coleman, the only ad that ran was in the Wirth campaign?

. A That is correct, and there were two ads for the Wirth campaign.

. Q A 30-second ad and a ten-second ad?

. A That is correct.

. Q Turning back again to Exhibit 3, Mr. Goodman, if you will look at the advertisements under the heading, NEPL, if you would identify which of those advertisements concern the Nicaraguan issue?

. A Well, again you see listed--the two spots listed under ACT called, McDonald Memorial and McDonald Message. A spot called, Facts, They Are Us, Letter, Flag--I don't see the script for this--I am pretty sure the spot review goes--Throw Money, Terrorist Influence-R--revised--

. Q On the script for Refugees goes, if you would look in Exhibit 4 under the date of February 19th, 1986, commercial number 6-

. A Yes, sir. In fact, ~~that was~~ this Refugees did relate to Nicaraguan resistance.

. Q Throw Money?

. A . Terrorist Influence-R, meaning revised, Helicopters-R, denoting it was revised--Reconnaisance, True Colors, and Nicaraguan Update.

. Q And just to make sure that the record is clear, Mr.

Goodman, in the group of advertisements listed under NEPL, the ones that did not relate to Nicaragua were which?

. A Okay--thank you--President's Oath, Will They Wait also was not involved in that issue.

. Q Now, on Exhibit 3 again, the advertisements listed under Sentinel, which of those related to Nicaragua?

. A All of them, all the ones listed.

. Q Mr. Goodman, do you recall--did Oliver North ever provide any assistance in the preparation of any of the advertisements that are reflected in Exhibit 3 through 7?

. A He did not. His office, however, on one occasion did provide us with some film footage that was arranged for initially through Mr. Channell and/or some of his associates, but we never had any contact with Oliver North that in any way, to our knowledge, in any ~~way~~ way had impact on what~~--~~how the scripts read or choice of visuals or anything having to do with the ads themselves.

. Q What was the advertisement that you were just referring to?

. A There was an advertisement--well, there ~~were~~ some film footage we were looking for, which was some footage of the new Soviet issue, MI helicopters, I think it was, MI 24's--sorry I can't recollect. It is the new super gunship that the President and others have alluded to, and in discussing the increasing militarization in Nicaragua under

President Ortega ~~and~~ we asked, as we had on a number of occasions, Tom, to find--get some ideas where we could find certain kinds of footage.

. Mr. Channell said one of his associates said something to the effect, maybe we can help you here and eventually the result of that--he put us in touch with Fawn Hall, Mr. North's assistant, and she said that she had some footage that we were looking for, [illegible] she would be sending it to us. Now, as far as where that footage came from, I know that I was not involved personally in the discussion, initial discussion--it might have been Mr. Wilner, where it was actually coming from.

. Though I have talked to him and I am not sure he is totally sure either. But, it did come from Fawn Hall and she mailed it. [illegible] She messengered it or Federal Expressed it over to us, and eventually it was used in one or two of the spots you see listed on Exhibit 3.

. Q Was one of the spots entitled, Helicopters?

. A It was.

. Q And your knowledge of this comes from conversations with Mr. Wilner or do you have other independent knowledge?

. A I had at least one conversation with Mr. Channell about the need for this kind of footage, and my understanding is Mr. Wilner also had at least one conversation with Mr. Channell or somebody else, and I had

UNCLASSIFIED

at least one conversation with Fawn Hall to, essentially, to arrange for the delivery of footage she, at that point, had in her possession.

. Q In your conversation with Mr. Channell, did he say that you could obtain this footage from Colonel North's office or Fawn Hall, or anything to that effect?

. A I have no recollection of that, no I don't. He may have said that, I just don't recall that.

. Q What is your source of information as to why Colonel North's office was contacted, is this Mr. Wilner reporting to you, or is there some other source of information?

. A Ron and I both had received calls about this particular issue, this particular film footage. If the question is, why would we call Colonel North's office and talk to, in this case, Fawn Hall, we were directed to do so by Mr. Channell.

. Q You were not directed, you don't recall Mr. Channell directing you to do this?

. A I don't recall him telling me to work through Colonel North's office to get this footage. My understanding was that Spitz Channell or one of his associates initiated the process whereby that footage was purveyed and, at that point, we were told that film was in the possession of Fawn Hall. ~~he~~ we got that film from her.

UNCLASSIFIED

. Q What I am trying to determine is, who told whom? Is it your understanding that Mr. Wilner is the person in your agency who was told to pick up the footage at Colonel North's office?

. A I believe I was the one who was told that Fawn Hall had the footage, to call and make arrangements for her to send that to us.

. Q All right, maybe I am confused by your earlier answer. I understood your earlier answer that in your discussion with Mr. Channell, he had not indicated to you that you could obtain this footage at Colonel North's office.

. A I don't recall him having indicated that in the first conversation.

. Q Was there a subsequent conversation that you recall?

. A Not that I recall, but I believe, perhaps, Ron talked to Mr. Channell about that footage. He was very interested in getting it, if possible, and that is how it all developed. I am a little bit--as you can see--I am a little unclear about the specifics because I think both Ron and I, at different points, interfaced in the process.

. Q You are unclear as to whether the second conversation directing the agency to get the footage at Colonel North's office--whether that conversation was with

UNCLASSIFIED

you or with Mr. Wilner?

. A That is correct.

. Q Is that correct?

. A That is correct.

. Q But you recall, then, a later conversation when you spoke to Fawn Hall?

. A Yes.

. Q About arranging for the pick up of the footage?

. A That is correct.

. Q What do you recall about that conversation?

. A Nothing extraordinary, just a short conversation and she indicated she had the footage, and we agreed on the method of delivery, which was either by messenger or Federal Express. It was probably by messenger. They wanted to protect that film with their lives.

. Q Had you met Fawn Hall before?

. A I had no recollection of having met Fawn Hall at any time during this whole process.

. Q When you called here, did she indicate that she was expecting your call?

. A Yes, she did.

. Q She indicated the footage was ready to be shipped to you?

. A Yes.

. Q But you had no direct contact with Colonel North?

UNCLASSIFIED

. A No.

. Q And, to your knowledge, was this the only incident where Colonel North's office provided any assistance to your agency in connection with the preparation of any of the advertisements for Mr. Channell?

. A That is correct.

. Q The helicopter footage that you have been referring to, is that footage of what is known as a Hind helicopter?

. A That was our understanding, yes.

. Q Now, turning again to Exhibit 3 Mr. Goodman, which is the list of completed advertisements by your agency, a number of those advertisements were run on various television stations in the United States, were they not?

. A That is correct.

. Q Do you have any information that the time on the television station for running those ads was ever purchased in any manner other than through your agency?

. A We have no knowledge of that.

. Q Do you have any information that would indicate, in any way, that that every occurred?

. A No.

. MR. SCOTT: Did you understand the question?

. THE WITNESS: Off the record.

. MR. FRYMAN: Let's go off the record.

. [Discussion off the record.]

UNCLASSIFIED

[Recess at 12:15.]

BY MR. FRYMAN:

Q Referring again to Exhibit 3, Mr. Goodman, do you have any information that indicates, in any way, that any of the charges relating to any advertisements on Exhibit 3 by your agency, or any of the charges for the purchase of advertising time on television stations for such ads, was billed by your agency to any entity or person other than The American Conservative Trust, The National Endowment for the Preservation of Liberty, or Sentinel?

A I don't recall, I am not aware of any billings to any other groups.

Q And you are not aware of any information that would indicate that there was any such billing?

A I am not aware of any information.

Q So, just to make this totally clear on the record, to the best of your knowledge, all charges by your agency related to these advertisements, and all purchases of advertising time relating to these advertisements, were billed either to The American Conservative Trust, The National Endowment for the Preservation of Liberty, or Sentinel?

A That is correct.

Q I ask the reporter to mark as Goodman Deposition Exhibit 8 for identification a document produced by counsel for Mr. Goodman, the first page is on the letterhead of The Robert Goodman Agency, Inc., and the second page indicates that the document is entitled, ''NEPL/ACT/Sentinel: A Media Chronolgoy 1/10/87.''

. [Exhibit No. 8 was marked for identification.]

. Q Mr. Goodman, I show you Goodman Deposition Exhibit 8 for identification and ask you if you recognize that document?

. A Yes, I do.

. Q Were you involved in the preparation of this document?

. A Yes, I was.

. Q What was the reason that this document was prepared?

. A May I review it for a second?

. Q Yes.

. A I was directed to prepare this summary. I call it a paid media chronology. It really tries to summarize all of the various media, flights by flights--I mean series ~~or~~ of programs that we had produced over the course of our relationship with Mr. Channell and his affiliated organizations from April of 1985 through the end of 1986.

. My recollection is that this document or this information was requested by a person affiliated with Mr. Richard Miller. This was dated January 10th. It was probably close to that point, his name was Jeff--first name was Jeff.

. Q Was it Keifer or Kefer?

. A Yes, sir. Jeff Keifer or Kefer. He said, that, for their purposes, they just needed to have a record of what had been aired, including basically more importantly, he wanted to know how much money we had spent over the course of our relationship with NEPL, ACT, Sentinel; and this was provided, I believe, to them, and at a later point, may have been provided ~~upon~~ per request to Mr. Channell.

. My best recollection was that Jeff Keifer is the one who called us and wanted us to give him some kind of a summary of what had been spent.

. Q Now, Mr. Goodman, in this document, for example, on the second page of the document which is Exhibit 8, there are numbers used to identify spots. At the top of the page there is number 301, which refers to the spot headed, ''Freedom Can't Work'' and number 302 refers to the spot, ''Korean Airliner''. Then down in the spots aired column below that, there is reference to those numbers. Do those numbers refer to the commercial number which are on the commercial scripts, some of which are, or all of which are, included in Goodman Deposition Exhibit 4 for identification?

. A That is correct. May I make one point of clarification? I think the request from Jeff was just

UNCLASSIFIED

for--he wanted to know how much money was spent on each of the flights. I thought, [illegible] I pride myself, on being thorough and somewhat of a perfectionist. I thought for his purposes, just for our purposes, it would be good to get as complete as possible, file as I could of the various flights; which is why I think I wanted to put in which spots aired and [illegible] which of the markets, and so forth.

. I don't recall him having asked for that information. I think he was only interested in the dollars and cents.

. Q You indicate in the first page of this memo that you are still trying to validate the sponsorship of the third media flight which you described as the ''Morning of Peace'' project.

. A That is correct.

. Q I ask the reporter to mark as Goodman Deposition Exhibit 9 for identification another document produced by counsel for the Goodman Agency, which is on the letterhead of The Goodman Agency, the document is dated July 9th, 1987, and it contains financial information relating to 1) ''First Project'', 2) ''Morning of Peace Project'', and 3) ''October 23, 1985-Production of the TV Spots''.

. [Exhibit No. 9 was marked for identification.]

. Q Mr. Goodman, I ask you to look at Goodman Deposition Exhibit 9 for identification, and I ask if you recognize that document?

UNCLASSIFIED

. A I don't recollect this particular document, but I was aware of its preparation.

Q Were you involved in the preparation of this document?

. A I am sure I was consulted at some point, [illegible] ~~But~~ my knowledge about the three things alluded to in this piece--but [illegible] ~~my best~~ I believe, Tom, this was prepared by Colleen Vickers, our accountant.

. Q Do you know why this was prepared?

. A Well, let me go back. When the press first started to get interested in this story, vis a vis Mr. Channell, in our desire to be as forthright and candid as possible in this, because we, as these stories started to break, we found ourselves very surprised by the course of events and very unaware of lots of things being talked about and discussed, and we had an occasion to, [illegible] ~~in that~~ with that approach in mind, rightly or wrongly, in some ways I wish we could have started over again, we tried to field each and every press call that came in because, seemingly, Mr. Channell and others weren't offering a heck of a lot of press conferences at this point in time.

. We apparently seemed to be likely targets for any kind of information having to do with Mr. Channell's activities. During the course of that, we thought we were asked a question by a reporter at one point about [illegible] the dollars and cents of our relationship with Mr. Channell, and we did a quick response to one question, review probably within half hour or less of our books, and gave out certain numbers. We had spent so much with ACT, spent so much with ~~Sentinent~~ Sentinel, and so much with NEPL.

. Then, more than one press reporter started to ~~[illegible]~~ pursue the possible inconsistency between what we were reporting had been spent with these various organizations ~~and~~ with the other information they gleaned from other places, so we then decided we would embark--that plus the fact the story was becoming more than ~~bad~~ [illegible] material--we would embark on doing a review of our own books to make absolutely sure--checking all of our invoices, all of our billings--about the accounting in this relationship.

. On this, this page, under item listed ''Morning of Peace Project No. 2'', we discovered that the biggest supposed discrepancy between what our books and billing reflected and what we were hearing Mr. Channell was saying involved the ''Morning of Peace'' project. It was a spot that we produced with the disclaimer of The American Conservative Trust. Our recollection is we were told this was to be a responsibility sponsored by The American Conservative Trust by either Mr. Channell or one of his associates.

. We billed all of the expenses of the time buy and

UNCLASSIFIED

production to The American Conservative Trust on this particular spot. We not only had, going back to your earlier questions, not only had a visual disclaimer, but audio disclaimer as well. So, for the viewer, someone reviewing this particular spot, there is absolutely no question that this spot was paid for by The American Conservative Trust as seen and heard, as you see.

. Even after the fact when, I think, I discovered we had failed to bill Mr. Channell for a couple hundred dollars worth of time ~~buy,~~ I think a spot we added ~~on~~ to the schedule, I think I offered a short letter apologizing FOR the oversight saying he still owed whatever the amount was to tnis project on The American Conservative Trust. So, from start to finish, we were under the clear impression we had a clear direction that this was an American Conservative Trust-type sponsored spot. The reason it is highlighted on this memo is that Mr. Channell subsequently claimed that it should have been a spot sponsored by NEPL, National Endowment for the Preservation of Liberty. And he had a conversation with Bob Goodman at one point about that, sometime earlier this year.

. And, I think, it became clear that there is a difference in recollections, if that is the word, about this particular project--Mr. Channell saying ~~we~~, essentially, that this should have been a NEPL project, and we, our agency

UNCLASSIFIED

saying, well, we not only billed everything to ACT, and even wrote a letter ~~for~~ after the project had finished, was completed, ~~we alluded~~ to ACT, for heaven's sake, the spot ~~it~~ had a visual and audio disclaimer saying ACT as well.

. So, that is why we call this a discrepancy because, upon review of our books in late 1986 or early 1987, ~~then~~ we thought we had better do a thorough search of--that we discovered to our surprise that a payment for this project was made to us, not from ACT, American Conservative Trust, but NEPL, National Endowment for the Preservation of Liberty.

. Q Why did you care?

. A We didn't care. In fact, our ~~account~~ accountant--when we say our accountant, Melva at this point, we talked to her about this. And she said all along she didn't know the difference between one organization and ~~another,~~ THE OTHER, and she said, if I got $100,000 from Mr. Channell regardless of what the masthead on the check was, ~~that~~ it matched what was being asked for in the invoice, whatever--that that was enough to satisfy her given her interpretation of--without any input and one shared by all of us that we didn't know the difference, if there were any, between the various organizations.

. Q What prompted the preparation of Goodman Deposition Exhibit 9 in July of 1987? Was there some event at that time?

UNCLASSIFIED

. A No event, we just wanted to see how we could, basically, square accounts. What had happened and what our books had reflected. In other words, we, in doing a review of the accounting-review, all of our books, came up with what we call a discrepancy in amounts that exceeded $120,000--- Most of which had to do with this ''Morning of Peace'' spot.

. Q Was this July 9th memo a follow-up to the January 10th memo which is Exhibit 8?

. A No.

. Q Well, for example, what I am getting at, in the cover page you indicate that there is still some open questions with regard to the ''Morning of Peace'' project.

. A That is correct.

. Q But it is not your recollection that Exhibit 9 is with some follow-on effort to clarify what is--the questions that are left open in Exhibit 8?

. A It was an effort for us to understand what the discrepancies were, including the ''Morning of Peace'' project, but we didn't prepare the July 9th, 1987 document as a part of or a--

. Q Supplement to--

. A Supplement to--right--the January 10th, 1987 document.

. Q You don't recall that any specific event prompted the preparation of Exhibit 9?

. A Tom, early in the process, meaning the process of review, we discovered that--discovered this problem so to speak with the ''Morning of Peace'' spot that we had billed it as an ACT spot--everything I have revealed to you, and that we had received payment for it, not from ACT but NEPL, which our accountant, or Melva, had taken in and deposited, and so forth--and not knowing there is any problem or any difference between the two.

. MR. SCOTT: Just for the record, I believe Exhibit 9 was not part of the original document production by The Goodman Agency. I believe Exhibit 9 was a document produced by Robert Goodman at an informal interview.

. THE WITNESS: That is correct.

. MR. SCOTT: I believe it was prepared for Robert Goodman's benefit to assist him in that informal interview in answering questions that you or any members of the Committee might have with regard to these issues.

. MR. SCHWAIT: That informal committee interview was on July 9th.

. THE WITNESS: That is correct.

. BY MR. FRYMAN:

. Q Is that your recollection?

. A Yes, sir.

. Q Going back to Exhibit 8, on page 3 of that exhibit, the Flight 3, the reference to the ''Morning of Peace'' interview--I said page 3, but it is page 2 of the memo, it is the third page including the cover page--you have been sponsored by and you have both organizations listed there, what was the reason for that?

. A Because of the confusion. This document was prepared as we [illegible] ~~have~~ gone through the review process, and as alluded to in the cover memo, we are still trying to validate the precise and proper sponsorship of the third media flight listed in the study in brackets, the ''Morning of Peace'' project. I wanted to make darn sure before I made any firm statement that this was funded by ACT, that we could, in fact, back that up with our invoices and billings, and letters, or any other kind of correspondence, and, in fact, [illegible] ~~at~~ the review, were able to do that.

. Q I ask the reporter to mark as Goodman Deposition Exhibit 10 for identification a series of pages on the letterhead of The Robert Goodman Agency, Inc., headed, ''NEPL Freedom Fighters TV National Spot Placement Television Analysis Market Overview''.

. I will state for the record that the copy of this document that is being marked today is a copy that was produced by counsel for another entity. I am not certain whether or not this document was included in the Goodman production. It may have been. But I just want to make clear for the record that the copy that is being marked was produced by another organization.

[Exhibit No. 10 was marked for identification.]

Q Mr. Goodman, I ask you to look at Goodman Deposition Exhibit 10 for identification and tell me if you recognize that document?

A Yes, I do.

Q Were you involved in the preparation of this document?

A I prepared this document.

Q What was the reason this was prepared?

A Tom, this and other documents like it were prepared--this is a NEPL freedom fighter project--were prepared in the first part of 1986 as I tried as a media director--part of my responsibility with any client was to try to ~~get~~ [illegible] them a sense of what we call the price of admission ~~is~~ [illegible] in doing television for any particular project.

Without the benefit of knowing which markets they might want to use in this particular campaign-[illegible] campaign where our understanding was, certainly, and clearly, that we were trying to influence a pending vote in Washington on contra aid. That without any benefit of any input on who or where we might go in the country, I undertook an independent analysis without any input from--really--from anybody--took a lot of guesses where this program might be going and how to make those educated guesses.

. Well, educated, in the sense that I ~~look~~ back on votes in, I think, 1985, ~~votes~~ including votes on the Boland Amendment and other key, supposedly key, contra aid or what I considered to be important votes. And, at that point, I had had what seemed to be likely or possible swing votes or Congressmen who might--who seemed to have voted on both sides of the issue, depending on the amendment or the vote that was before the House at that point, that ~~made~~ an intelligent campaign or any other campaign of influence, be considered persuadable. And this was done simply so I could tell Mr. Channell and his associates. Give them an idea what the price of admission was, what the cost of doing a national television program might be.

. Q Let me make sure I understand the basic nature of this document. This is a planning document?

. A Yes, sir.

. Q Is that correct?

. A Yes, sir, planning for my purposes, so, to get a feel for what the ~~cost~~ might be and, certainly, planning for Mr. Channell so he could have a sense of what, perhaps, how much money he ~~is~~ was going to need to raise to do the program as outlined.

. Q So, this is a budgeting document rather than a report of expenditures that have already occurred?

. A That is correct.

. Q Is that correct?

. A Yes, sir.

. MR. SCOTT: That particular document, I think, we did produce that and this particular part of it is incomplete. I think we also produced it with a cover letter, Adam, that explained its purpose--the fact it was just to be used as a planning type document.

. THE WITNESS: That is right.

MR. SCOTT: Off the record.

. [Discussion off the record.]

. BY MR. FRYMAN:

. Q Back on the record.

. Mr. Scott, as I indicated at the beginning, this document may have well been in the materials produced by you on behalf of Mr. Goodman. It is just that, in selecting the materials for the deposition today, this particular document we selected from another source.

. I ask the reporter to mark as Goodman Deposition Exhibit 11 for identification documents produced by counsel for the Goodman Agency relating to billings by the Goodman Agency to The American Conservative Trust. This exhibit includes four summary sheets dated December 22nd, 1986, a letter dated January 15th, 1987, from Colleen W. Vickers to Mr. Channell, together with documentation referred to in that January 15th letter. In addition, the exhibit includes the invoices that are referred to in one of the documents dated December 22nd, 1986, which is headed, Statement, and the invoice numbers reflected on that statement are the invoices that appear in that exhibit.

. [Exhibit No. 11 was marked for idenification.]

. Q If you would look through Exhibit 11, Mr. Goodman, and just confirm that you recognize those documents as documents of your organization?

. A I sure do.

. Q I ask the reporter to mark as Goodman Deposition 12 for identification a group of materials produced by the Goodman Agency relating to billings to the National Endowment for the Preservation of Liberty.

. A I had better make one correction for the record. Our former bookkeeper, her last married name, I knew her as Melva McCormick, her ~~last~~ Full married name at this point is ~~still~~ [illegible] Melva Croghan. Melva McCormick and Melva Croghan are one and the same person.

. Q Goodman Deposition Exhibit 12 includes a summary statement directed to the National Endowment for the Preservation of Liberty, dated December 22nd, 1986, a further statement of the same date listing specific invoices, covering four pages, a further statement of the same date of three pages, listing items of income, a letter dated December 23rd, 1986, from Melva Croghan to Mr.

UNCLASSIFIED

Channell, a summary statement dated December 22nd, 1986, a similar statement dated February 12th, 1986, supporting documentation for the checks and wire transfers to the Goodman Agency, and the Goodman Agency invoices listed in the February 12th, 1987 statement, together with four additional invoices numbered 4423, 4539, 4659, and 4744.

. [Exhibit No. 12 was marked for identification.]

. Q Mr. Goodman, I ask you to look through Exhibit 12 and just confirm that you recognize those documents as documents produced by your organization.

. A Yes, I recognize that.

. Q Finally, in this particular area, I would ask the reporter to mark as Goodman Deposition Exhibit 13 for identification, a series of documents produced by counsel for the Goodman Agency relating to billings to Sentinel. In this exhibit there are three summary sheets dated December 22nd, 1986, similar sheets dated February 12th, 1986, together with supporting documentation for the income from Sentinel and the Goodman Agency invoices referred to in one of the summary statements.

. [Exhibit No. 13 was marked for identification.]

. Q Mr. Goodman, if you would look at Exhibit 13, if you would look through that and just confirm that you recognize those documents as materials produced by your organization.

UNCLASSIFIED

A I do.

Q Off the record.

[Whereupon, at 1:05 p.m., a luncheon recess was called, to reconvene at 1:45 p.m.]

RPTS STEIN

DCMN DANIELS

AFTERNOON SESSION

[2:10 p.m.]

MR. FRYMAN: On the record.

THE WITNESS: During lunch, I was thinking about an answer to a question having to do with Oliver North and the question was did he have any participation in the preparation or development of television spots for Mr. Channell and his associates.

Just to make it clear, we had one other contact with Colonel North having nothing to do with the Nicaragua resistance. The contact per Mr. Channell's request was to get a briefing on the whole issue of terrorism in the country at that point in time. This was some time I believe in early 1986 and the idea was to get some intelligence from Colonel North that might be used in the preparation of a film, an educational film on terrorism that Mr. Channell thought one or more of his benefactors might be interested in funding and supporting.

So we got a briefing that day, a rather brief briefing in terms of specifics on terrorism. We ended up developing a film treatment for the terrorism film which we thought was awfully good, but which ultimately was never used.

UNCLASSIFIED

BY MR. FRYMAN:

Q On how many occasions did you meet Colonel North?

A We actually met Colonel North, actually met him on only two occasions. The first occasion was the one I alluded to. the other occasion was at a meeting in the Old Executive Office Building in a room called the War Treaty Room where Mr. Channell and between 30 to 50 of his supporters were meeting to get a briefing on the situation in Nicaragua and Colonel North was one of several speakers that day, speakers which included Pat Buchanan, former Communications Director; and the Director, the head of the--I think it was called the Office of Public Liaison, the person's name escapes me.

Q Mr. K-o-j-e-l-i-s--first name--L-i-n-a-s?

A Yes.

They gave this assessment of the situation and after the meeting when we were milling about, before we went back to the Hay Adams for the rest of the night's festivities, Mr. Channell brought Colonel North over to my father and I and said, ''I want you to meet Bob and Adam Goodman, who are doing all our television ads,'' and Colonel North said something to the effect of ''Keep up the good job, you are doing good work,'' and that was the extent of our conversation then.

Beyond that and the terrorism film briefing, I

UNCLASSIFIED

didn't have any other direct conversations with Colonel North.

. Q When you say directly, from what are you distinguishing your direct conversation?

. A Really just the one conversation we have already talked about with Fawn Hall, with his office, we had communication, but that was the only time we actually talked directly to the colonel.

. Q All right.

. Mr. Goodman, this morning we marked as exhibits a number of statements and invoices produced by your agency. One of those exhibits was Exhibit 11 relating to the American Conservative Trust, and I indicated in the description of the exhibit that the invoices were those described in one of the statements dated December 22, 1986.

. My notes also indicate that there are, in addition, two invoices in that Exhibit Nos. 5138 and 5164 which are not reflected in the statement.

. Now--

. A The reason, if I may, if you look at the invoice dates, the invoice dates on those two invoices are January 5, 1987 and February 10, 1987, which is after the preparation, it seems, of this document.

. Q Fine.

. Returning to Exhibit 8, which was the media

UNCLASSIFIED

chronology dated January 10, 1987, can you tell me if Exhibits 11, 12, and 13, which are the materials relating to the American Conservative Trust, NEPL and Sentinel, provide the source documents that you used in preparing Exhibit 8?

Let's go off the record a minute.

[Discussion off the record.]

MR. FRYMAN: On the record.

[Whereupon, the record was read by the reporter.]

THE WITNESS: The document in question was prepared using not only the three other documents that Tom mentioned, but in addition station affidavits, which we have in our possession. Station affidavits are simply final invoices from stations about which spots actually ran, the cost of those spots and confirmation for our accounting to mesh with our billing and invoices.

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Mr. Goodman, Exhibits 11, 12, and 13 indicate that the total billings by your agency to the three Channell organizations were approximately $1.3 million.

Of that total, can you estimate the amount that related to programs involving Nicaragua?

A Without doing a thorough review of the documents a good estimate would range from $800,000 to $900,000 of the $1.3 million.

Q Now you mentioned earlier that in developing the information in Exhibit 8, which was the January 10, 1987 media chronology, you would need to look at station affidavits.

. If you would look, for example, at Exhibit 13, which relates to the billings to Sentinel, and Invoice 4611 in that exhibit, which appears to relate to the purchase of media time--

. A Yes.

. Q The particular spots are not identified on Invoice 4611, and is that an example of where you would need to look at station affidavits to prepare the information in Exhibit 8 as well as your agency invoices?

. A To be absolutely sure of the rotation we would have to do that, even if we had rotations instructions in-house governing this particular project. we can't vouch whether ~~the~~ station followed that precisely or not, and we would have to use a station affidavit to do that; that is correct.

. Q Now, Exhibits 11, 12 and 13 all begin with a report to one of Mr. Channell's organizations dated December 22, 1986.

. Were these prepared in response to a request from Mr. Channell?

. A Well, as I refresh my memory, on Document 11, there is a cover letter dated January 15th, from Colleen Vickers, Treasurer, it says it is a ''Dear Spitz Channell letter''

UNCLASSIFIED

and says ''Enclosed is the documentation you requested regarding payments received from American Conservation trust accounts,'' so obviously in that case that was a request from Mr. Channell.

. Q It is not clear to me that that January 15 letter relates to the prior pages. If you will look at the page right after the 15th letter, there seems to be a single page that was the enclosure with that letter, and is it your recollection that the December 22, 1986 materials were not sent to Mr. Channell some time in January or do you recall when they were sent?

. A I really don't recall. I remember the preparation of the documents.

. Q Do you know why they were prepared?

. A In responding to that question, it is probably relevant to look at Document 12, which in the letter that was enclosed there dated December 23, 1986, from then-Treasurer Melva Croghan, which indicates there is a letter to Mr. Channell and it says, ''Mr. Goodman asked me to write you regarding the audit we did and sent you, via Federal Express, yesterday. As you can see from the covering sheet--'' and so on and so forth.

. The gist of this letter, as you read it, is that we were saying they were identifying the discrepancy, which was highlighted in the documents you are talking about, 11, 12, and 13, totaling approximately $120,000 to $125,000, discrepancies caused by, as you can see in Document No.--Exhibit No. 9, involved discrepancies where our billing indicated a project was paid for by American Conservative Trust and yet upon review and audit, we discovered the $125,000--let me go back. We discovered that $125,000 in discrepancies [illegible] ~~that~~ stemmed from three different things.

. One we have already talked about, [illegible] the Morning of Peace Project. the other two things identified on here under No. 1, called first project--this had to do with the two spots, the first two spots we produced [illegible] ~~were~~ Mr. Channell's organizations and we discovered upon review that we had billed the American Conservative Trust, ACT, $20,000, which you can see Invoice 4104, but had received in partial payment at least, $20,000 from NEPL, and [illegible] ~~that~~ is a $20,000 discrepancy there.

. We had approximately $94,000 in discrepancies on Morning of Peace and then under Item 3, that had to do with the final series of spots we produced prior to the 1986 elections--I think this is dated improperly--which were entitled ''Back Down'' and ''Election Day'' and we discovered that there was still a balance owed of slightly less than $10,000, which yielded a total discrepancy figure of $123,627.

. It should be pointed out in our review of documents that all of our billings, all of our invoices, match the disclaimers on the spots that were produced.

. Certainly and most importantly as in the case of ''Morning of Peace,'' which is why we would have a discrepancy perhaps with Mr. Channell and his organization which we might be attesting to, we thought the best way, maybe the only way and we got the seal of approval from our accountants in terms of it being proper procedure was to go through the actual billings, [illegible] ~~make~~ sure the billings matched the disclaimers on the spots [illegible] ~~and that was~~ a way to come up with total billings for each of the three separate entities that were involved here.

. Q But it was Mr. Channell's decision as to what the disclaimer on any spot should be?

. A That is correct.

. Q So you put the American Conservative Trust disclaimer on ''Morning of Peace'' because he told you to do that; is that your understanding?

. A That is not only our understanding, but our recollection.

. Q But in the manner in which you had been operating with Mr. Channell, if he had directed you to put the National Endowment for the Preservation of Liberty disclaimer on that spot, you would have followed his instructions?

. A Absolutely.

. Q So, apart from questions about which entity of Mr. Channell's should have been billed, the bottom line, if you will, as of July 9, 1987, reflected in Exhibit 9, was that your agency was owed $689.74?

. A Yes, after procedural accounting for the discrepancies we have identified. In other words, Tom, the bottom line is that we could identify the discrepancies, every discrepancy ~~in~~ there with the exception of $689.74. Or, let me restate that.

. We, after accounting for the discrepancies, it is our understanding and our assessment that we are still--that the balance still due is $689.74.

. Q And when you use the word ''discrepancies,'' am I correct that by that word you mean amounts due from one entity reflected in your accounting records as well as overpayments from another entity reflected in your accounting records?

. A That is right. That is correct.

. Q So, after netting the different types of discrepancies, again the bottom line in July 1987 was that the group of Mr. Channell's organizations owed you under $700?

. A That is correct.

. Q Was your agency paid for the time required to

UNCLASSIFIED

prepare Exhibits 11, 12 and 13?

. A No.

. Q Is it unusual for you to have to do this sort of investigation with regard to billings to a client?

. A Unprecedented, but appropriate.

. Q What do you mean by that?

. A Given, you know, the news stories about everything that was going on, it just seemed to be prudent practice for us at that point to really do a thorough review of our operation as it related to Channell's organizations and make darn sure that we knew exactly what we were talking about in terms of our participation.

. Q Mr. Goodman, this morning we were talking about the different types of television tape, one-inch tape, two-inch tape, and three-quarter-and-a-half-inch tapes.

. A Yes.

. Q Did you from time to time provide copies of your advertisements to Mr. Channell or other individuals in his organization?

. A Yes, we did.

. Q Which size tape did you provide?

. A Both three-quarter and half-inch tape, but I think more often than not it was half-inch tape.

. Q Were there any occasions when you provided one- or two-inch tapes?

UNCLASSIFIED

A Not that I can recall and I wouldn't know the reason why we would provide that.

Q What does the word ''dub'' mean in the industry?

A Just another word for copy, copy of a spot or a number of spots. Dub is part of the dubbing process and to make copies of a spot for broadcast or for personal or private use from the master, we make what is called generally a dubbing master and from that dubbing master we make various copies for stations and others.

Q Is that done in-house at your agency or do you subcontract that?

A That is something we do [illegible] ~~outside the~~ studio we use. We have two or three in the area. We use their facilities.

Q Is a copy of a tape normally made for each station that is running the tape?

A That is correct.

Q And those are destroyed after the tapes are run or discarded?

A Generally that is station practice at some point.

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 14 for identification--

MR. SCOTT: Just a second.

For the record, if you don't have those station affidavits, and I believe we did produce them, my memory is that they were produced in a section, but if for some reason they are not included in the documents and are necessary for the investigation, we will be glad to provide them.

. Let us know and we will be glad to cooperate.

. MR. FRYMAN: Thank you.

. I would ask the reporter to mark, as I indicated, as Goodman Deposition Exhibit 14 for identification a memorandum dated 4-19-85, which appears to be signed Adam Goodman, ''To Dan, Spitz & Crew'' and what appears to be an attachment referred to in the memorandum.

. Let me again state for the record that this document we have selected from a group of documents produced by counsel for another entity, Mr. Scott. I do not recall seeing this in the documents you have produced, though it is possible that it is in there.

. I just want to note for the record this particular copy came from another entity.

. [Exhibit No. 14 was marked for identification.]

. BY MR. FRYMAN:

. Q Mr. Goodman, if you would look at Exhibit 14 and tell me if you recognize that document?

. A I think I recall this, but not in great detail.

. Q Does that appear to be your signature at the bottom?

. A Oh, absolutely. It is valid.

. Q If you would look at the pages after the first page and tell me if that appears to be the attachment to the memorandum?

. A Yes.

. Q Did this memorandum relate to one of your initial programs for Mr. Channell?

. A I believe it did. It is dated April 19, 1985, and the first series of spots we aired for Mr. Channell's organizations, I believe, went on the air in April of 1985.

. Let me just review this.

. Yes. It related to that, but in comparison with Deposition Exhibit No. 8, it is somewhat constructive--I see this matches up.

. I am sorry, where were we on the question?

. Q My question was whether the summary sheet referred to in your cover memo, which is the third sheet in Exhibit 14, relates to the initial round of advertisements for Mr. Channell and I believe you have been comparing that--

. A With my immediate chronology on Exhibit 8.

. Q Which is the second page of Exhibit 8.

. A Yes. It seems to be one and the same thing.

. Q Then in your cover memo in Exhibit 14 you also refer to a summary of the research used to define the TV markets selected to reach the 21 targeted Congressmen, and there are additional pages as a part of Exhibit 14, which is that summary referred to in your memorandum; is that correct?

. A That is correct, yes.

. Q Your phrase in the memorandum, ''reach the 21 targeted Congressmen (per Rich Miller).''

. What did you mean by the phrase ''targeted Congressmen''?

. A I wish I knew. I am trying to recall. Obviously this is a little over two years old. Just reading what I wrote here in the memo, I am ~~talk~~ talking about--my memo that says ''research used to define the TV markets selected to reach the 21 targeted Congressmen (per Rich Miller),'' I assume I got those 21 names from Rich Miller. That seems to be what my memo says here, but I can't recall in this particular project, which was the very first one we did, exactly the situation surrounding that.

Q Well, is ''targeted Congressmen'' a phrase that you are familiar with? Is that a phrase that has meaning in your industry?

. A Well, in relation to this it would suggest, it would mean to us that these are Congressmen who we thought or--when I say we, Mr. Channell and his associates thought would be persuadable or most affected by a campaign of public education and advocacy on behalf of the Nicaraguan resistance. But I am trying to search my memory banks to remember this particular situation.

UNCLASSIFIED

. Obviously, Tom, this is very early on in our relationship. I looked at the supporting documents behind this memo, the last 8, 9, 10 pages, and I thought when I first looked at it, it might be the case that I had been given names of people and, by the way, for the record, you can see they are Republicans as well as Democrats. And I went in and researched what TV markets--I should say this is my assumption, that I went in and researched which TV markets would be needed to cover those particular Congressmen and Congresswomen.

. Q Well, if you would look at the last page of Exhibit 14, Mr. Goodman, there is a note which says ''All Congressmen listed in CAPS above are among the 21 Representatives targeted by Rich Miller.''

. A I wish you would have told me that in the beginning. Then that seems to jibe with everything I said in the memo. I guess I got the names from Rich Miller.

. Q Is it your recollection that you had any role in the targeting of the Congressmen or is that solely Mr. Miller?

. A Solely Mr. Miller and/or Mr. Channell and his associates.

. Q You never got information from Mr. Miller?

. A Absolutely neither I nor anyone in the agency were ever participants in the decision of selection, now referred to as ''targeted Congressman,'' for this or any other project in the campaign or involved with Mr. Channell.

. I provided research along the way, much of it unsolicited, for the basis of planning and budgeting and not for the purpose of telling Mr. Channell, Mr. Miller and others who to target and how.

. Q So the chronology, as I understand your answer with respect to this particular phase of the campaign, is that Mr. Miller gave you a list of 21 targeted Representatives.

. A Yes.

. Q On the basis of that list, you did some research with respect to purchase media time, which led to the memorandum which is an attachment and is a part of Exhibit 14?

. A That is right.

. Q Is that correct?

. A That is correct.

. Q But your sole role was an investigation as to the best and most effective media purchases that could be arranged in connection with the Congressmen who had been targeted by someone else?

. A I am glad you brought that point up, too, because as you will notice in the 22 markets profiled here reflecting my research, in capital letters are listed the names of Members of Congress who obviously were identified by Mr. Miller as one of the 21 targets here, but in addition to that, I also listed the other names of Members of Congress who would be affected by such advertising.

When you are looking at making strategic choices between doing something, say we had a number of targets in New York City, the most expensive media market in the country and might reach three or four persuadable Congressmen as opposed to using five other markets outside of New York City for the same price where you might reach 10 to 15 people--that is where the research comes into play.

I ~~list~~ [illegible] the given targets and everybody in the congressional district was covered in some measure by television coming out of the designated television market.

Q Now, the phrase or the letters G.R.P. appear frequently in the attachment to this memorandum. What does G.R.P. stand for?

A Great Reagan Presidency--no, it stands for Gross Rating Points.

Q What does that mean?

A It is a standard measurement in the industry to measure audience sizes and theoretically when you achieve 100 rating points with a particular spot, you theoretically reach ~~every one~~ EVERYONE in a TV market once.

In reality, you will reach 50 percent of the people 3 times. You won't reach 25 percent of the people [illegible] once, but theoretically that means on 100 rating points, you reach everybody once.

. The reason we use that is to give the clients a standard measure ~~of~~ for planning campaigns. Then you get to the central issue in the ad industry, how much is enough, on which there will probably be an ~~internal~~ [illegible] debate.

. Q So to achieve more rating points in any particular market, you just buy more time?

. A Exactly.

. MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 15 for identification a document produced by counsel for the Goodman Agency with a cover page reading ''American Conservative Trust, Freedom Fighters TV, National Spot Program, 12/9/85.''

. [Exhibit No. 15 was marked for identification.]

. BY MR. FRYMAN:

. Q Do you recognize Exhibit 15, Mr. Goodman?

. A Yes, I do.

. Q What is that?

. A It is the same kind of document as one that we have been talking about for the last hour or two. It was prepared ~~for~~ initially For the American Conservative Trust. I think that eventually became the National Endowment for the Preservation of Liberty.

. May I take a moment to read this?

. Q Yes.

. A This was again a budgeting, And planning document that I prepared to give Mr. Channell and others interested some sense of what it was going to cost to do a national ad program on behalf of the freedom fighters and in this case on the last page of my memo, instructed to read the last paragraph to discern exactly what we were led to believe that was all about.

. It says, ''As discussed, this national spot program is a pioneer attempt to effectively influence public opinion as prelude to a critical congressional debate and vote. If successful, our approach will become the definitive blueprint for all interest groups whose goals and objectives are directly affected by Congress.''

. There was no question in our minds that this project related directly to a planned and future congressional vote on contra aid. I think everything we did as prelude to that project and throughout the entire project leading up to the votes in THE spring, and eventually, I think, it was as late as June of 1986, were with that in mind.

. I differentiate that from what we were doing in the beginning, 1985, our first ~~such~~ BRUSH with the project was again a public education approach, even though there was a vote obviously also in 1985, and there was targeting that went on with that also.

UNCLASSIFIED

. We had two objectives. The first, we learned about public education. The second objective was to influence public opinion as a way of exerting some type of influence over Members of Congress who had the final say over whether the contras would continue to receive funding or not.

. Q In this paragraph, you have just referred to where you state ''this is a pioneer attempt.'' Did you believe you were breaking new ground in this program, that this was something that had never been done before?

. A It was something that I felt--we felt me had never been done in this fashion, where pay television became the leading lobbyist for a public interest group or for a particular point of view.

. We were not just talking about a smattering of television, we are talking about a major investment in pay television as the driving force behind an effort to influence public and eventually congressional opinion on a particular matter before the Congress.

. I might have been wrong in making that assumption. In my experience, I can't recall a group that has made this kind of investment in television as the major weapon in their arsenal of influence.

. Q A form of this program was implemented in 1986; is that correct?

. A That is correct.

UNCLASSIFIED

. Q And am I correct that most of the television advertisements in 1986 in connection with this program were sponsored by the National Endowment for the Preservation of Liberty?

. A That is correct.

. Q Did you have any discussions or were you aware of any discussions with Mr. Channell or any other representatives of his organization as to why NEPL was the sponsor of the advertisements?

. A I don't recall any conversations or any knowledge or anything of that nature.

. Q During 1985 or 1986, were you aware that NEPL was a 501 (c)(3) organization?

. A No. I am still not sure what that is.

. Q Were you aware that contributors to NEPL were taking tax deductions for their contributions?

. A No.

. Q Going back to Exhibit 15, the second paragraph in your December 9, 1985 memorandum, you state that ''Our strategy was to target those Congressmen who, by virtue of their record on Nicaragua, seemingly have yet to make up their mind.''

. Was the Goodman Agency the entity doing the targeting in connection with this program?

. A Absolutely not.

. Q When you say ''our strategy was to target,'' to what are you referring, by the phrase ''our strategy?'' And I will also in connection with this question refer you to the next paragraph where you say that ''We''--we is in quotes--''drafted our own listing of these wavering Congressmen.''

. A Yes. It was probably an unfortunate choice of words to use ''our'' in both cases. Obviously in the second case, looking at key votes, that was my way of distinguishing this as our effort and not anything connected with Mr. Channell or his intentions about the ultimate targeting.

. I should have just changed the word in the first situation from ''our'' to--maybe Mr. Channell's strategy would probably be more appropriate.

. Q Well, just to get the gist of my question, if you look on the next page, the next paragraph says ''After we determined the 'honorees'''--who determined the ''honorees?''

. A That was the agency.

. Q Was that you, Adam Goodman, and the agency?

. A Absolutely without consultation from Mr. Channell or anybody else. I think I should point out that my recollection was that this document that we are talking about here was requested by Mr. Channell and/or his associates so that they could, really for use for their purposes, which you will make the assumption was fund-raising purposes with potential contributors to their organizations which is why maybe in some cases my wording is a little unclear about ''our'' versus ''we.''

. But as I recall, that was drafted and reproduced in some numbers for use by Mr. Channell and his associates in explaining the program for a possible way of presenting this program to contributors and actually raising money.

. Q To go back and make sure that I understand your answers in the second paragraph when it talks about, ''Our strategy was to target Congressmen who, by virtue of their record on Nicaragua, seemingly have yet to make up their mind''--in that paragraph, am I correct in understanding your answer that that was a strategy that had been set by Mr. Channell?

. A Yes.

. Q Then the implementation of that strategy as described in the second paragraph was an implementation that was done by the Goodman Agency pursuant to the techniques that are described in the second paragraph; is that correct?

. A I am sorry, the second paragraph--

. Q The third paragraph beginning ''we drafted our own listing.''

. A Right. This was again an educated guess on how this type of program would be implemented and I did it. I needed to do that first because per Channell's request he wanted to have a sense of the cost to do this program; and secondly, I wanted to have a sense of what it would cost and give my client, Mr. Channell, an idea of the scope of the program. In other words, how many markets, how many Congressmen would be affected, so on and so forth.

. It was my way of being very thorough as a media planner and to provide Mr. Channell with something else at the same time that would document the program he was trying to do here. This was obviously a very expensive program.

. I think, as this would reveal, we are talking about upwards of $730,000 if it were fully implemented in all 49 markets that I listed in this program at 350 gross rating points.

RPTS STEIN

DCMN DANIELS

. Q And that number you are reading from the page of this exhibit which has the Stamp No. 002569; is that correct?

. A That is right.

. Q Now, in this exhibit, there is a section toward the back beginning with the Stamp No. 002598.

. A I should clarify that further, that was for the monthly budgets. I think the whole program that we are looking at had a price tag that went as high as $2,100,000.

. Q And that is reflected on page 002570 with the stamp number?

. A That is right.

. Q Turning to the page with the Stamp No. 002598, which reads ''Key Congressional Votes Nicaraguan 'Freedom Fighters,''' and the pages following that heading, was that section of the report prepared by your agency?

. A Yes.

. Q Did you prepare that?

. A I prepared that. That was part of the research I was alluding to earlier where I--In this case, I included as something that was new, beyond just profiling the votes various Congressmen had on the important issues affecting contra aid, you see the McDade amendment, the Michel amendment.

. These are kinds of litmus tests, my perception of what the litmus test might be.

. Q And that section at the back is the source data that you used for applying the criteria set forth on pages 002566 and 002567?

. A That is correct.

. MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 16 for identification a letter dated December 12, 1985 from Adam Goodman to Fred Sacher; and a memorandum, apparently enclosed with that letter, dated

December 12, 1985 headed ''Freedom Fighters TV'' National Spot Program. Three pages of the memorandum are included in this Exhibit.

[Exhibit No. 16 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, I show you Exhibit 16 and ask you if you recognize that document?

A I sure do.

Q Am I correct that the enclosure was the same as Exhibit 15 except that it was dated December 12 and it was directed to Fred Sacher instead of Spitz Channell and David Conrad?

A Yes. That is correct.

Q Was that done at Mr. Channell's request?

A The letter to Mr. Sacher?

Q And sending him the enclosure in that revised format?

A Yes.

Maybe a word of explanation. Fred Sacher was described to us as one of Mr. Channell's biggest contributors. He was from California, San Juan ~~Capitzano,~~ and he was apparently a very dedicated benefactor of Mr. Channell's and dedicated to the cause as he saw the cause of freedom in Central America.

Mr. Sacher, we understand, had a lot of money to
(contributed)

UNCLASSIFIED

Mr. Channell at that point and Mr. Sacher, according to Mr. Channell, is the type of person who wanted to have hands' on involvement and be kept abreast of some of the things we were doing with the television.

He had a keen interest in that, so on a number of occasions we would communicate directly with Mr. Sacher; sometimes Bob ~~Lipman~~ [illegible] would talk to him, sometimes I would on the telephone. He would make suggestions on scripts and copy being prepared for Mr. Channell.

So that explains why we have a letter going to Mr. Sacher in the first place.

Q Now, in the letter which is part of Exhibit 16, in the first paragraph you refer to our first meeting in the Indian War Treaty Room within the Old Executive Office Building a few months ago.

What was that meeting, as you recall?

A That was the one we had talked about earlier where Colonel North, Pat Buchanan, and a person whose name I can't remember who headed up the Office of Public Liaison, were present and spoke at various points.

After that, we had a reception of sorts at the Hay Adams Hotel.

Q Do you recall the approximate date of that?

A We went to two functions of Mr. Channell's. I think one was in December of 1985 and one was in January of

1986. That is our recollection. We tried to find the exact dates in our records and couldn't seem to locate them.

. Q This letter is dated December 12, 1985. In the first paragraph, you refer to a meeting a few months ago which I take it--

. A Then I was mistaken. That was the first meeting of Spitz Channell's contractors where again Pat Buchanan, Oliver North, and the head of the Office of Public Liaison spoke, because we were only in the War Treaty Room once in our lives and that was the time.

. Q What had your meeting with Mr. Sacher consisted of at that point?

. A I can't recall specifically, Tom, but I am sure we met Fred Sacher at that particular meeting in the Indian War Treaty Room and the reception that followed. I can't imagine any other time we would have had the opportunity to meet with Fred.

. Q But you recall no specific discussion with Mr. Sacher at that meeting?

. A No, but it wouldn't surprise me if we talked to him perhaps over cocktails at the Hay Adams.

. Q In the second paragraph, you say ''Spitz Channell and his associates met with top officials in the White House about this project.''

. To whom are you referring when you say ''top officials in the White House?''

. A We were told that Spitz Channell and his associates were meeting with people in the White House. I can't recall specifically who it was. It very well could have been and probably certainly was Colonel North and I would--I can't recall specifically, but I think it also included top officials under the President; perhaps the President.

. Q Who told you this?

. A This is something we picked up just in the course, I think, of conversations with Spitz Channell and Dan Conrad and others.

. Q Was Pat Buchanan one of the officials?

. A He may have been. I can't recall.

. Q Did you draft this letter?

. A Yes, I did.

. Q Did you review it with Mr. Channell before you sent it?

. A I can't recall. I know our practice was when he would request a letter be written, I would always send him a copy to make sure it was okay and I assume I did this in this case, too, or read him a copy over the phone.

. Q But at this point, you do not recall a specific discussion where someone identified for you the top officials in the White House that you are referring to?

. A Oh, no, I don't.

. Q Continuing on the first page of that letter after the paragraph, ''Let me bring you up to date.''

. There are three paragraphs beginning, ''First, as you recall,'' and going down through the paragraph that ends, ''Freedom Fighters in late April or early May.''

. A Yes.

. Q In these three paragraphs, you appear to state a philosophy behind this program or an approach of this program.

. Let me withdraw that question and I will rephrase it.

. In the first page of this letter, there are three paragraphs beginning, ''First, as you recall, Bob Goodman theorized--'' and continuing almost to the end of the page.

. In those paragraphs, are you summarizing how you understood this pioneer attempt, to use the phrase in your other memorandum, would operate?

. A That is correct. See, in this whole thing, Tom, Spitz Channell looked--he seemed--he and his associates seemed to know very little about television.

. In fact, they were very uninformed about how to use it and how it interfaced with their objectives in their campaigns or projects so they [illegible] ~~rely~~ upon us as the television experts and they told us, you know, in broad outlines what they wanted to accomplish.

Our role was two-fold. One, to [illegible] ~~operate~~ that creatively and ultimately leading to the production of television spots; and second was to--from a time perspective, Tom--give them some sense of what it would cost and how they would come together or whatever.

But really in the mechanical point of view in terms of the time [illegible] ~~by~~ then any kind of strategic interface with Mr. Channell and all of his associates and with later organizations were planning--so I could write a letter like this knowing basically what we were trying to do here.

What we were trying to do on this project was very clear, we were trying ultimately to influence public opinion to exert pressure in influencing congressional opinion. That is all that this letter and I think others that were written by me, many requested by Mr. Channell, probably almost all, if not all, requested by Mr. Channell, were all about.

When I used the word ''our'' as opposed to the program, it was our program, we were the television arm of Mr. Channell's program and inasmuch as we were led to believe or told that these memos or these pieces of research were used by Mr. Channell among other things for fund-raising with potential benefactors, I guess I started to use the word ''our'' to imply that we weren't just some fly-by-night production outfit that was given their project and had no sense of where we were going with it.

. But beyond us being television experts, we were not what we normally are in campaigns--to some degree, we were, but in most campaigns, we are media consultants.

. Our job is multifaceted, doing everything from producing spots ~~and~~ TO [illegible] acting as psychoanalysts for the candidate.

. In this case, as pointed out in a memo I wrote that you have a copy of, I think in March or April 1986, when I was requested by Mr. Conrad to critique the program to date, the program being the Central American Freedom Fighters Projcct--I want to make the clear point and statement that we had ~~noting~~ nothing to do with the internal strategic planning of tnis. Anything we did that ultimately related to strategy was simply from the standpoint of budgeting and planning and not from any kind of coercive or consultative activity with Mr. Channell or others who were obviously making the calls on all these buys.

. I don't want to get hung up on semantics on the memo. I want you to know that was our intent and was the way we approached the project.

. Q On Exhibit 16, the paragraph beginning at the end of the first page states that to be effective and remain in sync with White House lobbying efforts, we need to start production on our first television spots in January.''

UNCLASSIFIED

Q What did you mean by that?

A It was no secret to anybody the White House was pushing for this perhaps at the expense of every other project on the Administration menu.

The President is not only a die-hard supporter of the contras politically, but personally. Anyone seeing him making speeches on this does not see a President reading copy from a prepared text. He sees somebody who firmly believes in the case.

So I don't think it comes as a surprise to anyone, certainly inside Washington, that the President was lobbying hard for this.

I thought everything we were doing would jibe nicely with what the President and other groups were doing to promote the cause.

I know what your question is. The answer specifically is we had--there was no connection that we knew of between the White House lobbying effort and our television commercials.

We were aware that the White House was pushing like crazy for this and that in a small way we were helping the cause.

Q Did you have any specific White House contact in connection with this program?

A None. Our contact in all of this was Spitz

UNCLASSIFIED

Channell and his group.

Q When you refer to being in sync with the White House lobbying efforts, were you aware of any specific White House lobbying schedule?

A Not in particular. It was clear--from reading the papers, it was clear they were pushing hard on this thing.

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 17 for identification a letter from Mr. Goodman to Spitz Channell dated March 31, 1986.

[Exhibit No. 17 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, would you look at Exhibit 17 and tell me if you recognize that document?

A I do.

Q And that is a letter you sent to Mr. Channell?

A It is.

Q Did he ask for this letter, or to phrase the question more broadly, why did you send him this letter?

A This letter, Tom, was a summary to date of the freedom fighters' television program. It may have been requested by Mr. Channell. I think it was.

I was asked the same question by Hal Bruno. It was a good question. I can't imagine writing a letter like this unless it were requested by Mr. Channell.

The letter summarizes where we were and where we might be going.

. Q Did you draft this letter?

. A I did.

. Q Did you have any understanding as to what use was to be made of this letter?

. A I can't recall, but I wouldn't be surprised if at some point Mr. Channell didn't take this and reproduce it for use in fund-raising.

. Q Do you know the reason for the timing of this letter, and by that, why you sent it in March?

. A When I did?

. Q Yes.

. A I am just reviewing the chronology. I prepared the document, Exhibit 8--the program, the first part of the program, the first flight referred to in that document, was flight 5, from March 3rd to May 1st.

. In other words, ~~you~~ we ran television off and on in selected markets throughout the course of that period and we came back after the vote failed the first time and ran more advertising on flight 6, which ran from the 17th of June to the 27th, sponsored by a different organization, Sentinel.

. This was written obviously in the middle of the aforementioned flight 5 and I can't remember specifically what it was about, but it is very clearly a summary of where we are to date and also an encouragement to Mr. Channell and

UNCLASSIFIED

his supporters to keep up the good work, to stay behind this paid television effort.

See, in some sense, Tom, a way of explaining this. Mr. Channell seemed to have a lot of different ways of skinning this cat called supporting the contras. He came upon television, I think, relatively late in the process and it was almost incumbent upon us as vendors and suppliers of TV to him to tell our program.

It was like he had a laundry list of things he could do one of which was television and we were able to sell contractors on the value of using television or Mr. Channell was able to, and obviously he would use our services and it would accrue to our benefit and this is part of that idea.

Q Earlier we talked about Exhibit 15, which was a self-described tome on the upcoming program looking prospectively toward a program that was going to be implemented over the next few months.

Is it correct to describe Exhibit 17 as a description of a program that has already occurred?

A That has occurred--

Q Or is in the process of occurring--

A Yes.

Q And a substantial part of which has already been completed?

A That is correct.

Q Now, on the second page of Exhibit 17, you refer to 'targeted markets, covering the home districts of nearly thirty Congressmen experts considered to be at the core of the key 'swing vote' on contra funding.''

Were you the expert who targeted those 30 Congressmen?

A No. That was a very eloquent way of saying--where are we, on the last page?

On the second page.

A Page 2--

MR. SCOTT: Make sure, if you want to retract your last response, read that.

THE WITNESS: Yes. The experts being alluded to there were essentially Mr. Channell and his associates.

BY MR. FRYMAN:

Q To make sure my understanding of this is correct going back to Exhibit 15, which is the document dated December 9, which is looking prospectively ahead toward the program--

A Yes.

Q As I understand the criteria described in that December 9, 1995 memorandum, those were to be criteria which you applied in selecting honorees of your program?

A Which I defined as the Robert Goodman Agency with the purpose of providing a budgeting and planning tool for us and Mr. Channell.

. Q Does Exhibit 17 indicate that the actual targeting of the markets was not done by the Robert Goodman Agency?

. A That is correct.

. Q Why the change?

. A There was no change. As I have said, and to be very clear about this, I in this document back in December was selecting markets simply for the purposes of budgeting and planning, not because I had any influence over Mr. Channell's associates, over the actual targets to be selected, not because I had any interest in being a part of that process.

. I was not a part of that process. No one in the agency was a part of that process then or ever.

. Q I must apologize, Mr. Goodman. I am confused and let me try to clarify it for the record on this in case somebody else is confused who might be reading it.

. Going back to Exhibit 15, beginning with the third paragraph, you say that you drafted, or to actually quote the third paragraph, it states, ''We drafted our own listing of these wavering Congressmen by looking at three key votes on the Freedom Fighters this year.''

. And then you go on to discuss decisive votes and qualifiers.

. It was my understanding from your prior answer that you and the Robert Goodman Agency is the person and entity that did the listing of the wavering Congressmen described in that paragraph.

. A Described with those as qualifiers, yes.

. Q And that was the process by which at the time of the December 91, 1986 memorandum, Congressmen were to be targeted as described in the second paragraph in that memorandum?

A Be careful in the way you are wording this because I think you are leading to a ~~contribution~~ conclusion that wasn't there. This was a planning document, and if you look at the date on this, this is December 9, 1985, almost a full three months prior to [illegible] first hitting the air in March 1986, three months in a relationship with the Channell organizations where we never--we described this as a frenetic relationship, but there were a lot of changes that would happen in the course of our relationship over such a large period of time of three months.

. I did this December 9, 1985 document only for our own internal purposes, the purposes of the Robert Goodman Agency in providing for ourselves and Mr. Channell a planning and budgeting document.

. When I use the words ''we drafted our own listing,'' the qualifier is were. This is my language based on an educated research analysis on the possible cost of putting on a program of this magnitude.

It had nothing to do--I can't attest to what Mr. Channell and Mr. Miller and others finally did or did not do in terms of selections, but we had no direct knowledge or input into the final selection or even tentative selection, more importantly, of targets of this advertising.

Q Well, at the moment, Mr. Goodman, focusing on the December 9, 1985 memorandum, which is Exhibit 15, on the second page of the memorandum, you state, ''After we determined the 'honorees' in each of these three categories, we researched and compiled a listing of the media markets which cover their respective districts.''

A ''We,'' in this case, is the same as ''our'' on the first page. It is the Robert Goodman Agency doing a media study for the purposes of planning and budgeting.

Q And it is the Robert Goodman Agency that was determining the honorees?

A That is correct.

Q That was by applying the criteria set forth in the preceding paragraph?

A Established by me with no input from anybody, just an educated way of trying to put together a plan, a blueprint to give us a sense of where we are going.

Q When you say in that paragraph, ''we determined the 'honorees,''' was that not the process of targeting those Congressmen who, by virtue of their record on Nicaragua, seemingly have yet to make up their mind on the extent of their commitment to that part of the world that you described in the second paragraph of that December 9 memorandum?

A That is correct. That is true, yes.

MR. SCOTT: Before we go any further with this, I think everybody is getting confused. If we could go off the record.

MR. FRYMAN: Fine.

Off the record.

[Discussion off the record.]

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Mr. Goodman, in your March 31, 1986 letter to Mr. Channell, which is Exhibit 17, on the second page where you refer to ''these targeted markets, covering the home districts of nearly thirty Congressmen,'' what is the relationship between the targeted markets referred to in your March 31 letter and the list of wavering Congressmen which you describe in your December 9, 1985 memorandum?

A Tom, without reviewing the record, I have no idea what the correlation is because I know that the ultimate selection of targets, so to speak, was something that Mr.

UNCLASSIFIED

Channell and Mr. Miller and others did and unless I compared the document, Exhibit 15, with the actual time buy that was placed starting on March 3rd and running through--actually running through also the Sentinel part of the campaign in June of 1986, I couldn't really respond to that question without that review.

. In other words, I can't recall offhand. I don't know offhand what correlations there are.

. Q Again to try to clarify this, in your March 31 letter, you refer to ''targeted markets covering the home districts of nearly thirty Congressmen experts considered to be at the core of the key 'swing vote' on contra funding.''

. Who do you understand selected those targeted markets?

. A Well, I know that the marching orders for the selections came from Mr. Channell and others associated with him. The modus operandi with this and other projects when they were talking about situations where they were targets involved was I or someone in the agency, but normally I would receive a telephone call normally from Spitz Channell who would say, ''Okay, Adam, I want you to do these spots so they affect these Congressmen,'' and he would give me a list of Congressmen.

Sometimes he called back and changed his mind, took certain Congressmen off and added others, sometimes he

UNCLASSIFIED

canceled the program outright, but Spitz Channell was the one and others who we came to understand were associated with him who would call and give us what I call the marching orders on the actual selections of the targets.

. Q Going further in your March 31 letter, Mr. Goodman, on pages 2 and 3 you list seven commercials, ''Terrorist Influence,'' ''Refugees,'' ''Facts,'' ''Helicopters,'' ''They Are Us,'' ''Tip's Shame,'' and ''Letter.'' And you indicate that these were seven commercials that were produced and designed to dramatize facts and information having a direct bearing on the whole issue.

. If you would look again at Exhibit 3, which is the list of completed commercials, ''Tip's Shame'' is not on that list, and my question is, why is it not?

UNCLASSIFIED

RPTS THOMAS

DCMN PARKER

[4:00 p.m.]

BY MR. FRYMAN:

Q Also if you would look at Exhibit 8, and your listing of spots used in Flight Five, which I believe is the flight that covers the period that you are describing in this letter, ''Tip's Shame'' is not listed in that flight, as well.

I will broaden my question to ask you why it is not included in Flight Five set forth in Exhibit 8, as well as in your listing that is Exhibit 3.

A I wish I knew the answer to that. I don't know. I can speculate if that is appropriate. One possible reason is perhaps that we never ran the spot on television. I don't recall that was reflected in our station invoice or not. I remember there was a real debate whether to do a spot. It was a 10-second spot, where then Speaker of the House, Tip O'Neill had said something about it being a disaster, talking of something he was saying about the Nicaragua contras, he said something to the effect in part it would be a disaster and shame for this country to support Nicaragua resistance, and Mr. Channel thought that was marvelous in rallying the troops, and we produced a 10-second ~~shot~~ spot to do that.

I don't recall having aired it. Why it wasn't on the list of final production--it should have been. I think there were things on here that didn't run other than that. I know it was renamed, ''Flag''. That is why. The spot called flag under NEPL in this list that is the same thing as ''Tip's Shame.'' Just renamed, unfortunately. I didn't know it was renamed after the fact or whatever.

I had the wrong name on this thing.

Q Now, if you would look again at Exhibit 8, in the description of Flight Five, there is an indication that ''Throw Money'' was one of the advertisements in Flight Five, and you do not list ''Throw Money'' in your March 31 letter.

Do you know why that was omitted?

A It might have been, I think it was ~~one~~ the last spot we produced. I will have to look back on my invoices on the production at that time. Maybe it was either inadvertent oversight or produced after this was written.

MR. SCOTT: Page three.

THE WITNESS: The memo was written in March 31. It might have been produced after March 31. Let's look at the script, I guess.

[Discussion held off the record.]

THE WITNESS: ''Throw Money,'' was produced April 7, 1986. The spot was produced after this memo was written.

UNCLASSIFIED

Also I want to make clear for the record that in this memo and other documents you produced, we were really trying to in part sell the success of this program, and we creatively interpreted everything, all the inputs we were getting from Mr. Channel and others in presenting what this program was all about, whether it be in a letter requested by Mr. Channel to Mr. Channel, or a letter requested by Mr. Channel to Fred ~~Seek or~~ Sacher or whoever it may be.

. MR. FRYMAN: All right. I would ask the reporter to mark as Goodman Deposition Exhibit 18 for identification a document produced by counsel for the Goodman agency, headed ''NEPL Freedom Fighters Campaign, a Summary Review,'' and it is dated on the second page, April 30, 1986.

. [Goodman Deposition Number 18 was marked for identification.]

. BY MR. FRYMAN:

. Q I show you Exhibit 18, Mr. Goodman, and ask if you recollect that document.

. A I do.

. Q Did you prepare this document?

. A I did.

. Q Why was this document prepared?

. A Dan Conrad called me at some point prior to the preparation, prior to this, and asked what they had done right and wrong, what we felt from our perspective they mean

UNCLASSIFIED

~~NEP~~ NEPL, ACT, had done well or not so well in the freedom fighters campaign to date. Its preparation was April 30, 1986, so that was still done prior to the ultimate vote in 1986 on contra aid in June of that year.

. Dan said tell us how you think we are doing, good or bad. Give us your critiques. So I sat down and I might have consulted with other people in the agency. I can't recall, and just in a about an hour and a half wrote this document, and I think it is important, I guess you are going to cover each and every point.

. The most salient point to one of the points that was being discussed earlier in this deposition is under the heading, ''The Team,'' and I think that should go into the record because what I was really saying in there was, look, Mr. Channel, you have not only us but our understanding, they had other ~~side~~ OUTSIDE advisers who may or may not be known--Arthur ~~Finglestone~~ Finklestein doing the polling, had a sense he had a PR firm we knew about, ~~Adelman~~ EDEMMAN Associates or something.

So we knew he was bringing in a number--more than two--~~of~~ two or more ~~of~~ outside advisors, people who had been around for a while, might have ~~been~~ given some good judgments about certain things, what I was really doing under this, they had ~~gone~~ done. I was complaining in hindsight. I am glad it was never followed up, complaining you have all of those considered experience in the field, ~~specially~~ political, and you are not using it. Why not once in a while sit down with us and your other advisors and just do a round table discussion of how your campaign is going and maybe get from that meeting for your purpose, some good ideas that you can carry forthwith the rest of this project and campaign and others to follow.

. Q In that paragraph that you are referring to, you stated that, ''Finally, within a number of political singles, the participation of a Bob Goodman or Bob ~~Teter~~ [illegible] will give MEPL an additional shot of credibility beyond the Oliver North and Elliott Abrams.''

. A Yes.

. Q Bob Goodman, your father, as head of the agency. Who is Bob Teter?

. A Bob ~~Teter~~ TEETER is the President and/or Chairman of the Board of MOR, Market Opinion Research, a very highly respected national polling firm, primarily political. As I understand it, he is working for a number of people right now, statewide candidates. I think he is doing polling for the President, or has been for sometime, and I think he is involved in one of the Presidential campaigns on the Republican side of the fence, as well.

. Q Was he involved in the Channel activity?

. A I don't recall. I might have used him as an example of the kind of person whose involvement might really help. Also, TO [illegible] send a signal to the Washington community that Mr. Channel, who is really basically a newcomer, only ~~been~~ [illegible] on the scene, so to speak, for a handful of years, give him some credibility in a political sense that he wouldn't have, I think, without that.

. Q What did you mean in that sentence that I quoted by the phrase, ''beyond the Oliver North and Elliott Abrams?''

. A Well, Oliver North had addressed that group of fund-raisers, potential benefactors of Mr. Channel's cause and was obviously very involved in the contra effort. And Elliott Abrams--my recollection was--speaker at the second fund-raising event we attended in 1986, early 1986, so I knew that those two, of course by reading the papers, Elliott Abrams is the Assistant Secretary of State for Inter American or Central American Affairs, obviously.

. He was a key player in the public perception sense, but they covered their linkage to them, I think, covered one part of the puzzle. The other part was the more political part of the puzzle. Why I think Mr. Channel could and he eventually, as you know, brought in ~~a~~ Lyn ~~Nofsinger~~ NOFZIGER. I don't know if I was aware of Mr. ~~Nofsinger~~ NOFZIGER's participation at that point, or in hindsight after I heard of his involvement or not, but this was on the political side of the equation where I thought Mr. Channel was a little bit more naive, maybe, about the political sensibility out there, particularly as it relates to this issue.

. Q Is what you have described the only basis for your reference to Oliver North and Elliott Abrams in that sentence that I read?

. In other words, is there any other reason other than what you have stated why you referred to them there?

. A No. As you can see in the way I wrote this memo and other memorandum and the bulk documents, I do have a ~~flare~~ flair for the dramatic, but, in most cases, it is really designed to push our case.

. Television was successful IN having an important part of the freedom fighters campaign.

. Q You sent this to Mr. Conrad.

. A Yes.

. Q Did you discuss this memo after you sent it with anyone in the Channel organization.

. A To tell you the truth, I don't think I did. In fact, I was a little bit upset there was no discussion. I thought it was a pretty good document.

. Q Now, as of April 30, 1986, do the costs of, do the costs reflect in the market summary, which is attached to this summary review?

. A Yes.

. Q Reflect to the best of your knowledge the media time purchase in those markets as of that date?

UNCLASSIFIED

MR. SCOTT: You mean relative to the freedom fighter campaign itself?

MR. FRYMAN: Yes.

THE WITNESS: Yes, it does. I just reviewed document 8 again under Flight Five, and all I had was close to 560,000, and the figure here is 550,000. I am sure that is a--

MR. FRYMAN: As I understand it, it was the procedure within the agency to use the phrase, ''freedom fighters.''

THE WITNESS: Yes, sir.

BY MR. FRYMAN:

Q Or freedom fighter campaign to cover a series of advertisements.

A Yes. Mr. Channel has made a point of referring to them as freedom fighters as opposed to contras, which seems to be a point well taken. A little more ~~compatible~~ [illegible] perception.

Q Are the freedom fighter T.V. advertisements or the spots listed on page three of Exhibit 8 under the heading Flight Five?

A Yes, sir, they are.

Q Is that correct?

A That is correct.

MR. FRYMAN: Off the record.

UNCLASSIFIED

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 19 for identification a document produced by counsel for the Goodman Agency, which has on the first page the phrase, ''We are Democrats who believe Nicaragua worth saving from Communism oppression,'' and headed on the second page, ''PRODEMCA.

[Goodman Deposition Exhibit Number 18 was marked for identification.]

BY MR. FRYMAN:

Q I show you Deposition Exhibit 19 for identification. I ask you if you recognize that document.

A Yes, I do.

Q What is that document?

A Well, we met once. We, meaning Bob Goodman and myself, met in a bar in the bottom of the Hay Adams--seems like everything goes back to the Hay Adams. We, that day, met with Spitz Channel and someone else. It may have been Dan Conrad and ~~Pen Kimbel~~ Penn Kemble and somebody else--Mr. Cook. Was that the person? Tom Cook or--

Q Are you referring to Steve Cook of the Adelman Agency?

A Yes, sir, and there may have been other people ~~here~~ that I can't recall. And the discussion was Mr. Channel had ~~discussed~~ us ~~to met~~ MEET with ~~Pen Kimbel~~ Penn Kemble. There was a group called PRODEMC~~A~~A, a group~~s~~ of Democrats who Spitz told us might

UNCLASSIFIED

be interested in supporting the administration points of view[illegible] ~~five~~ or something similar to that, vis-a-vis the freedom fighters, and I don't recall many specifics [illegible] ~~around~~ the conversation around the table--[illegible] ~~Pen Kimbel~~ Penn Kemble and others explaining what they are all about.

. And [illegible] first sheet you see in this exhibit, Tom, Exhibit 19, was something I believe my father drafted either prior to or following the meeting. We were told about the meeting in advance [illegible] that was either going to be used as a piece of copy that was either going to be used in a print ad, perhaps in the Washington Post and other things, or as part of a television spot. I can't remember which, but nothing came of the PRODEMCA involvement as far as we were concerned after that meeting. It all seemed to drop.

. The spot or printed ad or whatever it was was never done and never heard of or about [illegible] ~~[illegible]~~ much again.

. Q So that was the only contact you had with Mr. Kimbal.

. A That is true.

. MR. FRYMAN: All right. I ask the reporter to mark as Goodman Exhibit 20, for identification, a document produced by counsel for the Goodman Agency, which has at the top of the first page the words, ''Themes.''

. [Goodman Deposition Exhibit Number 20 was marked for identification.]

UNCLASSIFIED

BY MR. FRYMAN:

Q Mr. Goodman, I show you Exhibit 20 and I ask if you recognize that document.

A No.

Q Do you know the source of that document?

A No, to tell you the truth it may have come from our files somewhere. I don't recall having read this or what it refers to.

MR. FRYMAN: All right, I ask the reporter to mark as Goodman Deposition Exhibit 21 for identification, a document produced by counsel for the Goodman Agency, which appears to be two pages of polling data.

[Goodman Deposition Exhibit 21 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, I show you Exhibit 21 and I ask you if you recognize that document.

A Yes, I do.

Q What is that?

A As I recall, Spitz Channel either gave this to me, sent it to me or some other way had it delivered to me or other people at the agency, and it was out of some poll he had done. I forget where it was done, why it was done. If in fact it were ever acknowledged about any of those points. Obviously in reading through this, I recall it had something to do with showing the degree of support in Central America for certain things, including the contras.

. Q Do you know who prepared the poll?

. A No, I don't, to tell you the truth.

. Q Did you make any use of this?

. A No.

. A I think he just gave that to us for informational purposes.

. MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 22 for identification, two sheets produced by counsel for the Goodman Agency, the first sheet headed, ''Fidel's Warning,'' and a second sheet headed, ''New York Times.''

. [Goodman Deposition Exhibit 22 was marked for identification.]

. BY MR. FRYMAN:

. Q Mr. Goodman, I show you Exhibit 22 for identification, and ask you if you recognize either of those pages?

. A Yes, I do, I am not sure. Can I read this for a second?

. Q Yes.

. A Yes, I do recognize it. I think this was a copy we got most probably from Mr. Channel, if not ~~off~~ his associates, probably Mr. Channel. A lot of times he would

UNCLASSIFIED

prepare certain spots, and these were two spots that he proposed that we do at some point along the way, and I don't know if we ever did them in another form or not, certainly not in this form.

. Q Do you recognize the handwriting on the second page.

. A That is my handwriting.

. Q What does the notation at the right that appears to say, ''R.R. Speech at C/SPAN,'' and then an arrow to Oliver North. What does that refer to?

. A Tom, as I recall, Reagan had given some speech that Mr. Channel thought we might be able to use in one or more television spots, and I said, ''Look, you have to be crazy if you think you can get a Presidential speech. Maybe you can get it from C/Span.''

. He may have suggested to us we contact Colonel North's office to see if he could find a way or knew a way of getting C/SPAN footage from C/SPAN or any other group that might be willing to share such footage or sell it for a price. But I don't recall beyond that reference, don't recall any contact with his office or follow-up on this at all.

. Mr. Channel--this may clarify on this point and others. Mr. Channel was almost your personification of an idea man. He used to say he got more ideas in a half hour in

UNCLASSIFIED

the shower than any other time during the day, and he was constantly throwing out different ideas for different projects, different spots, and whatever else at us, and [illegible] just added to what I have described as a frenetic atmosphere surrounding our relationship with Mr. Channel, an atmosphere that permeated his desire to make his organizations effective.

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 23 for Identification, three pages produced by counsel for the Goodman Agency, headed, ''Nicaragua Facts.''

[Goodman Deposition Exhibit Number 23 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, I show you Deposition Exhibit 23 and I ask you if you recognize those pages.

A Vaguely.

Q Do you know the source of these pages?

A I can't recall. I know that not necessarily relative to this particular document, when we needed to get facts in preparation of ~~the~~ T.V. spots, we were always insistent our facts be irrefutable; that they be documentable and in most cases we got information from publicly available documents produced by the State Department, the Defense Department on other places.

I assume this looks like and appears to me to be a

UNCLASSIFIED

document that we probably received from Mr. Channel. Whether he prepared this or not, I can't recall. I can hardly recall the documents. It gave us talking points or fact points for future use in television spots.

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 24 for identification a document produced by counsel for the Goodman Agency.

[Goodman Deposition Exhibit 24 was marked for identification.]

BY MR. FRYMAN:

Q Which has a list of names and a series of N's, and some handwriting at the lower right-hand section of the page, which appears to begin with the phrase, ''Flag on Wall.''

A Correct.

Q Do you recognize that document?

A I recognize my handwriting.

Q Do you recall the conversation where you made those notes If indeed you made them during a conversation, or to rephrase the question, do you recall when you made those notes?

A It looks very--I think I would be safe in almost making the solid assumption without vivid recollection this looks like a conversation I probably had with Mr. Channel on the phone where he covered a number of different things.

UNCLASSIFIED

. Flag on wall looks like the first part which is flag on wall, should drop the bomb on Geneva, drop a bomb for peace. That is vintage, Mr. ~~Chairman~~ Channel. Yes, I think it is some copy I guess he might have had for a spot. I have no idea whether we ever did anything with that or not.

. Q What does the--

. A Then there are some references to ''high frontier concerned scientists.'' Those were two other public interest groups that had, I believe--had sponsored television ads for SDI, pushing SDI and ~~becoming~~ competitors to Mr. Channel.

. It was a side issue which was again a heck-of-a-lot of press and attention and Mr. Channel was going to make sure he wouldn't forget. And Ringe Media ~~the~~ reference there. Mr. Channel must have told me Ringe Media was doing that theme or I learned that by calling the station in Washington where they ~~are~~ doing the advertising, I can't recall specifically. And farther down there was another group called Committee for a Strong and Peaceful America or something to that effect; that was on the other side of the ''Star Wars'' issue, and their spots, either, told or discovered, were being produced by Bob ~~Squires~~, a very prominent and very skilled political media consultant, primarily, if not exclusively, for Democratic candidates.

. Reference to Rich Pollock Associates, I don't know.

UNCLASSIFIED

That is a name of an agency that does one or more of these campaigns, looks like notes during a conversation I most likely had with Mr. Channel.

RPTS STEIN

DCMN DANIELS

[4:30 p.m.]

Q What do the numbers signify, 5-7-9?

A I don't know.

Q Ringe Media, was that the same agency that prepared Exhibit 1?

A Yes.

MR. FRYMAN: I ask the reporter to mark as Exhibit 25 two pages produced by counsel for the Goodman Agency headed ''Targeted Districts.''

[Exhibit No. 25 was marked for identification.]

MR. FRYMAN: And as Exhibit 26 two pages produced by counsel for the Goodman Agency, the first page is headed ''Republicans Who Voted Against Reagan Plan to Aid Nicaragua Freedom Fighters.''

[Exhibit No. 26 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, if you would look at Exhibits 26 and 26, and tell me if you recognize either of those exhibits?

A I recognize both.

Q Okay.

Beginning with 25, what was the source of Exhibit 25?

A To my best recollection, the source of this

UNCLASSIFIED

document was Rich Miller.

. Q And what was the source of Exhibit 26?

. A Either Mr. Channell or one of his associates or Rich Miller.

. Q Do you recall the approximate date that you received Exhibit 25?

. A I wish I did. I really don't. I believe it was 1986 at some point, but I can't recall exactly when.

. Q It was in connection with the votes in 1986 and not 1985?

. A I believe it was, yes.

. Q Did you have discussions of this list with Mr. Miller?

. A No. I mean no substantive discussions. I forgot the process here, but I just remember receiving this and [illegible] ~~this~~ at that point I think was a list of targets that I assumed he and Mr. Channell and others had selected. But if you compare this with the buy [illegible] which it went, [illegible] ~~with~~ my vague recollection was there are a lot of changes between this list and that list and the final buy that was actually made.

. Q Just taking the first line of Exhibit 25 or the line that begins with the name ''Hutto,'' H-u-t-t-o, what does the reference in the next column, d.1--what does that refer to?

. A Having not prepared the document, I will make the

UNCLASSIFIED

assumption, I understand that to mean congressional district 1 in Florida.

Q Further to the right there is the phrase ''Panama City TV/R/N, Pensacola TV/R/N.''

What do you understand those references refer to?

A I would understand those references refer to the fact that in Congressman Hutto's district, the ~~issue~~ [illegible] is covered by television coming from Panama City and Pensacola as well as radio and newspaper.

Q Do you have any recollection of a discussion with anyone of Exhibit 25?

A I don't.

Q Now, Exhibit 25, you believe, came from Mr. Channell?

A Or Mr. Miller. You know, I guess in our thinking we saw them as interchangeable.

Q Was this received some time in 1986?

A I don't recall.

Q Do you recall any discussion with anyone about Exhibit 26?

A No, I don't.

Q Do you know why Exhibit 26 was sent to you?

A No.

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 27 for identification a letter from Mr.

Goodman to Ellen Garwood dated October 31, 1985.

[Exhibit No. 27 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, I show you Deposition Exhibit 27. Do you recall sending that letter to Mrs. Garwood?

A I do.

Q What was the reason you sent that to Mrs. Garwood?

A Per Mr. Channell's request.

Q Was such a letter to a potential contributor an unusual request by Mr. Channell?

A For the same reason we sent that letter you have already entered into the exhibits to Fred Sacher. It was somewhat unusual, but once in a while Spitz would call and say, ''Would you mind sending the schedule of the TV spots to air in so-and-so market to a particular person.'' Ellen Garwood, as explained to us, was one of the major benefactors of Mr. Channell and his operations and we knew she lived in Austin, Texas.

He made it a point to make sure we placed advertising time in Austin, Texas the market covering her area even in cases where there was no one down there that Mr. Channell wanted to affect.

He wanted to show Mrs. Garwood that he was alive and well and ~~adverting~~ advertising was all over the map.

That is my assumption. That is the reason I wrote it the way I did.

. Q So there were at least several occasions where Mr. Channell asked you to write letters to assist him in raising funds for a media campaign?

. MR. SCOTT: I object to the form of that question. I don't think it has been established that this was done to raise funds per se. I think your question implies that this letter was written to raise funds.

. How Mr. Channell used it hasn't been established exactly and I don't see a direct request for money.

. MR. FRYMAN: Well, I will withdraw the question.

. BY MR. FRYMAN:

. Q Mr. Goodman, what did you understand was the reason for this letter?

. A The reason for the letter, I understood it as ~~was~~ the reason at different times placing TV buys in Austin, Texas, was for Mr. Channell to show Mrs. Garwood that this campaign was alive and well.

. May I make the assumption, it seems to be the obvious assumption he wanted to keep Mrs. Garwood and other major contributors content with the progress or the success of the campaign.

Q Did you draft this letter or was this letter--

. A I drafted this letter.

. Q Now, the earlier letter that we have discussed that

UNCLASSIFIED

you sent to Mr. Sacher--

A Yes.

Q It is your understanding, is it not, that that letter was part of an effort to seek assistance from Mr. Sacher in the form of a contribution to the proposed media campaign?

MR. SCOTT: I object to the form of that question as well. It hasn't been established in the testimony that that was the purpose of that letter, to solicit funds.

Do you want to ask him if that was the purpose of that letter perhaps that would be a good way to go, but I don't believe it has been established in previous testimony.

MR. FRYMAN: I withdraw the question and I will rephrase it.

BY MR. FRYMAN:

Q Mr. Goodman, referring again to Exhibit 16, which is your December 12, 1985 letter to Mr. Fred Sacher, in the second paragraph of that letter, you state, ''We are now prepared to put our program into action and yet, without your help, we may never reach first base.''

Now, did you understand by sending that letter you were assisting Mr. Channell in seeking contributions from Mr. Sacher for a media program?

MR. SCOTT: I object to the question, but you can go ahead and answer it.

UNCLASSIFIED

THE WITNESS: All of our work for Spitz Channell depended ~~on~~ obviously funding as any part of this program did. We were never an active part of the fund-raising effort.

At times, I was directed to write letters that extolled the virtues of the program and if appropriate, our perception of the success of the program to date.'' And if the question is, was the Goodman Agency involved in raising money for Mr. Channell, I must humbly say, and emphatically, no.

If the question is did anything we do contribute at least tangentially to Mr. Channell in terms of his fund-raising or fund-raising success, I think that is a fair word to use, then I have to say yes.

BY MR. FRYMAN:

Q Well, in connection with whether the Goodman Agency was involved in assisting Mr. Channell in raising funds, Mr. Goodman, if you would turn to the second page of Exhibit 16, in the last paragraph, where you state, ''If you have any questions or suggestions, please don't hesitate to call Bob Goodman or myself. Otherwise, we suggest that you contact Spitz Channell directly to ascertain the precise timing and transfer of funding needed to launch this critical 'next step.'''

Now, in writing that paragraph, was it urgent to assist Mr. Channell in fund-raising?

MR. SCOTT: I object to the form of the question.

THE WITNESS: When we produced, for instance, the story boards that have already been offered into evidence and when we produced, at times produced extra half-inch copies of a certain spot or spots that had been produced and it was ordered more in bulk, relative bulk--obviously it was our impression that Mr. Channell was going to use these materials and other things for the purpose of, No. 1, keeping his benefactors appraised of the effort; and 2, I think it is obvious to continue encouraging them to remain loyal to Mr. Channell and his cause vis-a-vis contributions.

I don't think that is anything that Mr. Channell tried to hide, certainly it is nothing we would try to hide. We as the suppliers of television were very interested in trying to see if this program would be successful and be given a chance to be successful and upon Mr. Channell's direction at times we were directed to write letters that talked about the program in a way not to disparage the prospects for success of the television aspect of his campaign. But to extol those prospects and to encourage further support.

I want to make clear if the question is did I or anybody in the agency work in concert with Mr. Channell or any of his associates to directly raise money vis-a-vis asking contributors for money, talking about specific donations or anything having to do with the technical aspect of fund-raising I am saying emphatically no.

BY MR. FRYMAN:

Q When you say work in concert with Mr. Channell, you sent this letter to Mr. Sacher, which is Exhibit 16, with Mr. Channell's knowledge that you were sending it, did you not?

A Yes.

Q And when you write in the second paragraph of that letter, Mr. Goodman, that you are prepared to put the program into action and yet without Mr. Sacher's help, you may never reach first base--

A Yes.

Q Did you not consider that a request for funds?

MR. SCOTT: I object to the form of that question.

MR. FRYMAN: You may answer.

THE WITNESS: I see it as more of a generic line--without your help and others like you, our television and other programs would never succeed. But we were never asked to contact contributors for the purpose of raising money. We were never asked to request funding assistance directly from people that Mr. Channell directed us to contact.

We were not involved--our intention with all this was not to be a fund-raiser for the Channell organization. Our object was, again, to promote the virtues of our program and our feelings of its chances for success.

. By the same token, the letter to Mrs. Ellen Garwood, which you have labeled Exhibit No. 27, was the result of a telephone call I got from Mr. Channell saying, ''Look, Mrs. Garwood would love to know her efforts have been worthwhile. We are doing advertising in Austin. Send her a schedule so she can see some of these spots on television for herself.''

. MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 28 for identification a page dated April 17, 1986, produced by counsel for the Goodman Agency.

. [Exhibit No. 28 was marked for identification.]

. BY MR. FRYMAN:

. Q Mr. Goodman, I show you Exhibit 28 and I ask you if you recognize that document?

. A I don't recall reading this, but I vaguely recall what is being alluded to.

. Q What is that?

. A Just read the memo. ''Spitz called today, wants the audio redone on 'Helicopter' and 'Terrorist Influence' to end with: 'Sponsored by the National Endowment for the Preservation of Liberty.'''

. Q Was that a change from the way it had been?

A That is my assumption?

Q Do you recall how it had been?

A I don't.

Q Do you also recall the incident or the matter apparently referred to in the last part of that memorandum where it states, ''Under no circumstances do they want 'They Are Us' to run?''

A Right. They didn't like that spot.

Q So they were just ordering you to stop it?

A Yes.

Q Do you know why they didn't like it?

A Not specifically.

Q Did they ever indicate to you why they didn't like it?

A They may have, but I don't recall. It wasn't one of our favorite spots either.

MR. FRYMAN: I ask the reporter to mark as Goodman Deposition Exhibit 29 for identification a letter dated March 19, 1987 from Allen L. Schwait to J. Curtis Hurge, H-u-r-g-e; and a second letter which is headed ''Second Draft,'' and it is a typewritten letter, unsigned, from Robert Goodman to Carl Russell Channell dated March 11, 1987.

[Exhibit No. 29 was marked for identification.]

BY MR. FRYMAN:

Q Mr. Goodman, I show you Deposition Exhibit 29 for

UNCLASSIFIED

identification and I ask you if you recognize those documents?

. A I do.

. Q Am I correct that the second draft, which is the last two pages of this exhibit, is not the letter referred to in Mr. Schwait's letter dated March 19 where he says, ''Mr. Channell or one of his associates drafted a letter dated March 11, 1987 for Mr. Robert Goodman's signature,'' and that you feel it is inaccurate that Mr. Schwait feels it is inaccurate?

. A As I recall, this is a copy of a letter alluded to in Allen's cover letter that we received from Mr. Channell and his organization or organizations requesting that we sign it.

. Q So it is your understanding this was what Mr. Channell sent you?

. A Yes.

. Q And this is the letter that Mr. Schwait's letter describes as inaccurate?

. A Yes.

. Q What is inaccurate about that letter?

. A I wish you had given me some advance warning on that because we made a list of responses to those letters should we ever need to consult that.

. MR. FRYMAN: Let's go off the record.

UNCLASSIFIED

[Discussion off the record.]

BY FRYMAN: Is there a pending question?

[Whereupon, the record was read by the reporter.]

MR. SCHWAIT: To the extent you recall.

THE WITNESS: There are all sorts of things in this letter that we objected to and I want to note for the record there was some pressure applied to us to sign this thing.

BY MR. FRYMAN:

Q Pressure by whom?

A By Mr. Channell and his associates.

Q How did he apply pressure?

A He just suggested that we should sign this because he was feeling--it was our impression he was feeling a lot of pressure from the press and others and he gave us the feeling he might make life miserable for us if we refused.

Q Did he indicate how he might make life miserable?

A I didn't talk to Mr. Channell about this. Bob [illegible] ~~Lipman~~ did. We reviewed the letter and there were several things he objected to.

In the second paragraph at the end, it started talking about how certain ads were funded. placement of the first flight of television ads in 1985 depicting the plight of Nicaraguan refugees were paid for by the American Conservative Trust-State Election Fund. We didn't know the difference between various American Conservative Trust

UNCLASSIFIED

accounts until 1987 when we did a thorough review and started to find out where these checks had come from in term of the headings.

. There are a lot of a priori assumptions that they were trying to have us make here about certain knowledge of their foundations which we simply did not have and that is one example. Then they had something on the last paragraph, all the ads run in specific congressional districts, designed to get voters to call their Congressmen on Nicaraguan freedom fighter aid, were paid for by Sentinel, a 501(c)(4) lobbying organization.

. We had and did not have then and don't have now any specific knowledge of exactly what the charters are on each of these organizations.

. Mr. Smith came up in January of 1987 and tried to give me a thumb-nail sketch. We had never seen the documents ~~for~~ [illegible] charters.

. I could take a half an hour with this, and pick it apart, but the bottom line is they were asking us to make statements which were not accurate in reflecting ~~our~~ [illegible] extent of our knowledge of the organizations and the program as we handled it over the course of our relationship.

UNCLASSIFIED

. BY MR. FRYMAN:

. Q Is the next paragraph correct, that reads, quote, our firm did not participated in the Maryland campaign activities?

. A That is correct.

. Q Regarding the senatorial race between Linda Chavez and Barbara Mikulski?

. A That is correct.

. Q Mr. Schwait's letter indicates that his office will be contacting Mr. Herge to offer his assistance in drafting a complete an accurate statement of the facts.

. A Yes.

. Q Do you know if there was ever such a statement prepared and delivered to Mr. Herge?

. A To my knowledge--to my knowledge we did prepare a statement delivered to Mr. Herge. Our intention by the way, Tom, as long as we didn't want to make life more difficult for Mr. Channell than it already was, we still have a lot of respect for his intelligence--we were trying to help in this sense--trying to find a way if it was possible, to have something that both organizations, both Mr. Channell and the Goodman Agency, could verify as accurate.

. ~~We~~ It would be helpful for both--but I am not aware of any progress that had been made on this front.

. Q Now, Mr. Goodman, you have described today your activities on behalf of Mr. Channell's organization in connection with the Nicaraguan issue advocacy campaign. And you have described advertisements you prepared and placed in connection with the senatorial campaign involving Tim ~~With~~ Wirth.

. A Yes.

. Q You further indicated that your agency had no role in the Chavez/Mikulski campaign.

. A Yes.

. Q Other than the Wirth campaign, did your agency participate in any political campaigns on behalf of any of Mr. Channell's organizations?

. A No.

. Q Now, in Exhibit 3, there is a reference to various ads sponsored by Sentinel entitled, ''Does He Know?'', ''Fack Check'', and ''Time Check''.

. A Yes.

. Q And then there in Exhibit 7, there is a story board for the advertisement, ''Does He Know'', that relates to Congressman Michael Barnes.

. A Yes.

. Q Now, is it your understanding that that advertisement had any relationship to the senatorial primary campaign in which Congressman Michael Barnes was a candidate?

. A No.

. Q What is your understanding of the purpose of that advertisement, ''Does He Know?''?

. A Congressman Barnes or with everybody?

. Q Let's focus on Congressman Barnes for the moment. ''Does He Know'' ads relating to Congressman Barnes.

. A ''Does He Know'' series relating to all Congressman that you see listed on Exhibit 3 was designed to, as we understand it, sway Congressional opinion, sway votes, influence votes, if possible, by influencing public opinion on a vote that was coming up in June.

. The actual selection of targets was Mr. Channell's. Why Congressman Barnes, I don't know. You will have to ask Mr. Channell that.

. Q Now, on the Exhibit 3 there is a list of a number of names in connection with the ''Does He Know'' ad. Am I correct, am I not, that the advertisement was run on a television station with regard to Congressman Barnes?

. A Yes, in the Washington market.

. Q Did advertisements run on television stations involving Mr. Whittley, the next name on Exhibit 3, after the ''Does He Know?'' ad?

. A Yes.

UNCLASSIFIED

Q Mr. Jones?

MR. SCOTT: For the record, I think you should point out he is referring to Exhibit 8. His answer reflects the information contained on Exhibit 8.

THE WITNESS: Yes, sir. Thank you, Jim.

Which I think is complete, Tom, and accurate. I don't see Jones listed, so he may have not been.

BY MR. FYMAN:

Q What about Mr. Whitten?

A Again, I don't see that on the list.

Q Mr. Boner?

A Yes.

Q Mr. Gordon?

A Yes.

Q Mr. Cooper?

A Yes.

Q Mr. Mazzoli?

A Yes.

Q Mr. De La Garza?

A Yes.

Q Mr. Pickle?

A Yes.

Q Mr. Hefner?

A Yes.

Q And Mr. Bustamante?

UNCLASSIFIED

A Yes.

Q And the selection of these individuals in connection with this advertisement was done by Mr. Channell so far as you know?

A Yes.

Q Did you make any suggestions with respect to--

A No.

Q The markets and the individuals that would be the subject of this ad campaign?

A No.

Q Did you have any discussion with Mr. Channell or anyone in his organization as to how the Barnes ad would fit into the overall strategy that they had with respect to Congressman Barnes?

A I don't recall any discussion about that.

Q I have no further questions.

BY MR. OLIVER:

Q I just have a few questions.

A I have a few things I want to put on the record at the end, if that is appropriate.

MR. SCOTT: Can we take a five-minute break?

MR. OLIVER: Whatever you want to do.

MR. SCOTT: Let's take a break.

[Recess.]

BY MR. OLIVER:

UNCLASSIFIED

. Q Can we go back on the record?

. Mr. Goodman, in Exhibit No. 7, which we discussed earlier, the fourth paragraph on the story board, there is a picture of a helicopter. Did I understand that earlier that is the Hinds helicopter from the photographs that were provided to you by Fawn Hall?

. A I believe that was exactly the footage we received from Fawn Hall. If not, it was awfully close to it.

. Q Just above that photo is a slide of what appears to be an aerial photograph. Where did you obtain that slide?

. A Good question. It wasn't a slide, it was a picture, and publication of it came from either the State Department or the Defense Department--supposedly available to the general public, printed by the Government Printing Office. And at various points along the way where we needed some pictures, something visual, we were often told by Mr. Channell to call, in most cases, Mr. Miller, Richard Miller, who would have access, or know where to get access to these kinds of documents.

. Q Did he provide you with this photograph?

. A This publication from which the photograph came?

. Q Yes.

. A Mr. Miller--

. Q Did it come from a publication?

. A It came from a publication. In fact, I sent copies

UNCLASSIFIED

of this publication, different copies, when I tried to support the factual evidence being presented, the very spots to the station--actually the station, it was either--in fact, it was part of the material we supplied to the committee by either a State Department or Defense Department publication and, in that publication, they had a lot of different--

. Q It was from a publication provided to you by Mr. Miller?

. A Either Mr. Miller or Mr. Channell, but in most cases, it was from Mr. Miller.

. Q That is your recollection?

. A Yes.

. Q At any time did you ever receive as payment for any of your services traveler's checks?

. A No.

. Q Did you understand at any time during your working relationship with Richard Miller or IBC, if they were connected in any way to the Department of State?

. A No.

. Q Was it ever indicated to you they were under contract or consultants, in any way, to the Department of State?

. A No.

. Q Did you ever meet Mr. Robert Kagan?

. A I don't recall meeting him or my father.

. Q Did you ever meet Otto Reich?

. A No.

. Q Jonathon Miller?

. A Not that I recall.

. Q John Blacken.

. A No.

. Q Mark Richards?

. A I don't recall any.

. Q Walt Raymond?

. A I don't believe so.

. Q Did you ever meet Dave Fischer?

. A I don't believe so.

. Q Bruce Cameron?

. A I don't believe so.

. Q Dan Kuykendall?

. A Yes.

. Q When did you meet Dan Kuykendall?

. A Probably met him once or twice. One time I can remember was a luncheon meeting at The Monocle, of all places, sometime, I think early to mid-October of 1986. Present at the meeting was Spitz Channell and at least two of his associates, and my father, and I--and we talked about a number of things. [illegible]

. But ~~presently~~ primarily, the discussion revolved around the conception and creation of the final ad series of that

UNCLASSIFIED

election year which was an ad series that, ultimately, led to the creation of this spot that was used in the Tim Wirth campaign.

. Q As a result of this meeting, were the spots also produced that related to Congressman Bryant, Congressman Coleman?

. A Yes, sir, same series.

. Q Congressman Wright and Senator Cranston?

. A Yes, that is correct. Though, at that meeting I understand, as I recall, there were no real discussions of absolute targets. If there was, it was very unspecific. The meetings were really designed to come up with a creative concept and approach to the television spots ultimately developed for that campaign.

. Q What did Mr. Channell tell you Mr. Kuykendall's role was with his organization?

. A I can't recall anything specific. My impression was he was an adviser to Mr. Channell, and I wasn't even aware if he was paid or otherwise.

. Q Did you ever have any other meetings with him?

. A No.

. Q Did you ever attend any legislative strategy meetings at the offices of IBC or PRODEMCA?

. A Legislative strategy sessions meaning--

. Q Sessions that included a number of people who were

UNCLASSIFIED

working with Mr. Channell to try to influence the Congress and vote on aid to the freedom fighters?

. A I think I have described when we were first interviewed by you in July, that I can recall at least one, probably more ~~that~~ than one occasion, where there would be an on-going meeting. There would be a meeting already in session where Mr. Channell, Dan Conrad, Richard Miller, Frank Gomez, typically, and others, were involved, and we would come at an appointed time.

. Sometimes it was held at IBC--sometimes-- I think it happened more than once, and we would walk in on ~~que~~ cue and make a talk about the television and what we wanted to do with the television. Then we would leave and the meeting would continue.

. Q That would be you and your father?

. A My father and I.

. Q And you would describe the ads, not just the ads, without talking about the districts they were running in and discuss that?

. A I don't recall any discussions in those kinds of meetings about legislative strategy. Certainly, not when we were involved. It was really about the creative approach--what we were going to say in this particular spot, how we were going to get the ~~vicinity~~ F[illegible] for that ~~and that~~ spot. We might have been contemplating that type of thing.

. And also involved in at least one meeting, I can specifically recall, was a representative of the Edelman group who, we were told, was doing public relations for Mr. Channell. And two or three times that I can recall, I had a conversation with their representative, whoever it was, who just wanted to know, I think basically, when spots would be going on the air. I can't recall any time when we were present in any of those, when legislative strategy, as you are defining it, was discussed.

. Q Did you ever meet Jack Lichenstein?

. A No.

. Q Did you ever meet Ed Fraser?

. A The name sounds familiar, but I can't recall.

. Q Were you ever told by Mr. Channell or Mr. Conrad, or any of their associates, of other activities that were taking place in Congressional districts, such as grassroots organizing, direct mail, things that supplemented or would have supplemented in a political campaign sense, the television advertising that you were doing?

. A It was our impression that Mr. Miller was heading up the grassroots, as you call it, grassroots PR lobbying effort which involved a lot of things. I think, at one point, we heard about an effort to fly news directors of local television stations from around the country down to Nicaragua to actually show them what was going on down there.

We would get that in bits and pieces, just in general conversation; but I don't ever recall having been shown or told exactly everything that Mr. Miller and his associates were developing on behalf of Mr. Channell in public relations grassroots lobbying.

Q Were you aware that you were part of a larger effort--there were a lot of different elements to this campaign?

A Absolutely. And going back to that March 1986 letter that we have already entered into the evidence--was it March--I am sorry, it was April. The critique letter, where under the section of team--frankly, I was maybe, I think, I don't know if my father shared this sentiment as much as I did. We felt we were outsiders looking in, part of a bigger thing. We felt so ignorant about the totality of Mr. Channell's organization.

When I say Mr. Channell's organization, I include Richard Miller and others in that, that we felt slighted or a little left out of the process. In hindsight, Thank God we weren't given a chance to run with our feelings and become more directly involved in the group. But, yes, the best way to describe the relationship is [illegible] as an outsider looking in, [illegible] small part of a bigger pie, we only knew what the crust around us looked like.

UNCLASSIFIED

Q Were you aware that this campaign that Mr. Miller was conducting in conjunction with Mr. Channell was coordinating its efforts with the White House campaign?

A No.

Q Do you know John Roberts?

A No.

Q Do you know Ed Rollins?

A Yes.

Q Do you know who recommended you to the Channell organization?

A Again, as I think it was one of the first questions--

Q You indicated who called you first, but I wonder if you ever found out or ever learned who recommended?

A No. In fact, if there is an overt recommendation--

Q You indicated a moment ago in the discussion of the March 19th letter from your attorney to Curtis Herge, that you were not aware of the different elements of Spitz Channell's organizations.

I wonder if I could ask you to look back for a moment at Exhibit No. 8, which I believe you indicated was a document prepared by you?

A Yes.

Q And the the first sentence on the cover page says, ''The paid media chronology of the NEPL, American

UNCLASSIFIED

Conservative Trust'', and then it says, parenthesis, ''federal and state'', underlined and, ''and state''?

. A Yes.

. Q Which would seem to indicate that you did understand that there was a difference between the organizations, is that correct?

. A No, it is not correct. It is a good question. This was prepared on January 10th, 1987. A few days prior to that, there was a meeting where Mr. McMahon, Steve McMahon, and Cliff Smith came to Baltimore, and they went to talk, at that point, to our bookkeeper, Colleen Vickers, to see what our books were saying about what the accounts were and so on and so forth. And either on that day specifically, I know on that day it was discussed with Colleen--she is better able to discuss this than I--and maybe even prior to that, they started--they meaning Mr. Channell--and/or members of his organization, started to enlighten us as to the differences between the organizations.

. And we were told, at the very least no later than that day, I think it was the 5th or 6th of January, a few days before it was prepared, that look, you showed no--this is not ACT, it is ACT federal, state checks, copies of checks which we keep. And on those checks sometimes they had nothing other than ACT, sometimes federal, sometimes nothing. We

UNCLASSIFIED

didn't know, just ~~new~~ from them. We had an understanding from them. There was more than one ACT fund which is why I alluded to federal and state, I got that education.

. Q Were you aware at that point there might be a problem with spending state election PAC funds?

. A No, nothing. The charters that govern these organizations, we weren't sure what the legalities were.

. Q But you are aware of the difference between the kinds of funds that can be contributed to the state elections, and the kind of funds that can be contributed to federal elections? For instance, in Maryland, where--

. A No.

. Q You are very active, corporate contributions, are allowed for state elections, they are not allowed for federal elections.

. A Yes.

. Q I assume you are aware of that distinctive difference between federal and state elections?

. A I should as a political consultant, good question, it is a good question as a political professional, as a media consultant, I should say yes. Unfortunately, I think I probably speak for my father and Ron Wilner, the answer is really no, we know, basically, a corporation can't contribute to federal candidates and so on. We are so uninformed about the dos and don'ts in terms of political

UNCLASSIFIED

fundraising that I would be ashamed to have to write out what little I know about it.

Q Did the term American Conservative Trust State Election Fund ever appear in the video or audio credit lines on the ads?

A Never, because we never had the knowledge that there was more than one ACT. We thought it was all one and the same.

Q When you seek to purchase time from a television station, what kind of information are you required to give them about the sponsor of the ad, if any?

A We are not required to give them any information. They will often ask, especially when it's a public interest group. They, I think they mentioned the station management--certainly their attorneys--are very interested in at least knowing the basic identity and founding principals of whatever organization wants to fund this kind of television advertising on the stations.

I don't think it's a written rule, but it's certainly requested more often than not.

Q Do you have to comply with any federal reporting regulations of any kind when you place an ad which is an independent expenditure in a federal campaign?

A Not that I am aware of. When you do television for political candidates in political campaigns, there is a form you fill out. We call it PB-9, now called PB-10, basically, a disclaimer of information that says we are representing so and so, Senator so and so, and will be buying his or her time in the election, it will be held on, give the date, it is being funded by, and list the name of the committee that is paying for the spots [illegible] or spots to come. And that is used in political campaigns, but independent expenditure, we never had to ~~follow~~ [illegible] PB-9. I don't think we ever had to or have been following--

. Q I believe you say it was in December or January 1987, Jeff Keifer from IBC contacted you and asked you for, I guess, a report on their overall expenditures in 1985 and 1986?

. A He wanted a basic report/chronology and, as I recall, he was really most interested if not only interested, in the numbers, meaning the dollars that were expended. As I indicated earlier in the testimony, I think I just listed next to the expenditures on each of the markets for each flight, the spots that were actually run in those markets.

UNCLASSIFIED

RPTS STEIN

DCMN DANIELS

[5:30 p.m.]

Q So if he hadn't made this request, you would never have discovered the discrepancies from 1985, for instance?

A No. We started to do a review of our books. That document that was dated December 22nd already showed us there were discrepancies that we had to be cognizant of--

Q That was a result of the stories in the newspaper?

A Yes, very much.

Q Did you or your father introduce Frank Gomez at one of the Hay Adams meetings of contributors after a White House briefing?

A I don't think so, no.

MR. SCHWAIT: Introduce him to whom?

MR. OLIVER: I do not have a copy of the document, but there was a--I will aver to you that there was a copy of a document produced by another entity that indicated that on the schedule for what was going to take place at this meeting, it has so-and-so opens meeting, so-and-so comes on and it had Bob Goodman introducing Frank Gomez.

THE WITNESS: I don't think I did. I don't recall that.

BY MR. OLIVER:

Q Have you ever heard of an organization or an entity

UNCLASSIFIED

called Parkefeld Enterprises?

. A No.

. Q When you attended these meetings or briefings at the White House followed by the Hay Adams function, I believe you said you attended two of those--

. A Yes.

. Q Did you become aware at those meetings that the money that was being asked of these potential contributors would be tax deductible?

. A I don't recall anything about tax deductibility of contributions. If it was discussed, I either don't remember it or it wasn't discussed in the presence of myself or my father.

. Q You said earlier that the disclaimers on all the TV ads matched your bills?

. A Yes.

. Q They did not match the checks?

. A No, and we didn't realize that until we audited the books at the end of 1986.

. Q Is there--does that indicate that any of that could happen, if this story hadn't broken, that your books would have reflected payments from people other than the people who the ads were credited to in your books?

. MR. SCOTT: I object to the form of that question.

. THE WITNESS: Could you restate that? I am sorry.

UNCLASSIFIED

BY MR. OLIVER:

Q What I am concerned about is whether or not in a television campaign designed to influence the Congress, that ads can be run in congressional districts which are credited to one entity which are paid for by another and in this case you seemed to indicate earlier that the only reason you went back to reconstruct your books was because of the stories that appeared in the newspaper regarding the Iran/contras.

If those stories had not appeared, your books would still have reflected payments from organizations other than those reflected on the story lines; is that correct?

A Yes, but may I continue with--if we could go off the record a minute.

[Discussion off the record.]

MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q When you began to realize the impact of this campaign, I think you referred to it as sort of a new method of influencing legislation, did it occur to you that you might need to register as a lobbyist?

A You mean our agency?

Q Yes.

A No, never.

Q You indicated earlier that in a normal political campaign which you engage in quite often, you all do

UNCLASSIFIED

everything from soup to nuts. I think you have made a rather expansive representation.

. A Right.

. Q But in this campaign, you are telling us that your role was narrowly limited to producing television ads and the copy requested by Spitz Channell and you were not involved in the legislative strategy, you were not involved in fund-raising, and you were not primarily involved in targeting, that you took your direction targeting from Rich Miller and Spitz Channell; is that correct?

. A That is correct.

. Q Was there also a time in which you were attempting to solve a problem with running television ads in the Hartford-New Haven market?

. A As I recall, the reason we ran spots or were directed to run spots in New Haven was to reach Greenwich, Connecticut, because there was a major contributor, Barbara Newington, who lived there. It is the same thing we discussed with Ellen Garwood, the reason Mr. Channell placed spots in Austin.

. Q You indicated that you had met Oliver North twice, I believe, once at the meeting in the Indian War Treaty Room, which you referred to in an earlier letter to Fred Sacher, and again at a White House briefing prior to a--I guess the January 30th briefing--prior to a meeting at the

UNCLASSIFIED

Kay Adams; is that correct?

. A I only recall, and I think my father really--I think he has the same recollection, he only recalls seeing Oliver North once at Mr. Channell's two fund-raisers.

. We saw him also for that terrorism briefing somewhere in the Old Executive Office Building, so our recollection is we saw him twice, but once at a fund-raiser, once at a terrorism briefing. If Colonel North was at the second briefing, neither my father or I can recall that.

. Q Was that primarily for you, the terrorism briefing?

. A Yes, that was for us.

. Q Do you remember when that occurred?

. A In the documents we submitted, we had a transcript for a terrorism film and it is awfully close to the date on that document.

. I don't have it handy so whatever the date on the document reflects--I think Ron Wilner, who did the script, did it a week after that meeting.

. Q Could it have been January 11, 1986?

. A Possibly. I remember it was cold.

. Q If you would look at Exhibit No. 4, on April 3, 1986, there is a commercial No. 86-430 entitled ''Throw Money.'' On that page at the bottom there is some handwriting.

. Is that your handwriting?

UNCLASSIFIED

. A Yes, it is.

. Q Do you recall why you were calling Rich Miller in relation to this particular ad? If that is what that handwriting indicates?

. A I can't recall why it is on there. Possibly I called Rich Miller at Spitz Channell's instruction or someone else in the organization just to read the spots to him.

. Q Do you know what the other phone number there, 980-2019, is?

. A No. Let's call it. I don't know. Let's call and see what we get.

. Q Did you feel there was any problem with this ad in terms of whether or not the National Endowment for the Preservation of Liberty, which was a 501(c)(3) could run this ad?

. A We didn't even think about that.

. Q Well, the reason I ask is because this seems to be the only ad that is directed against Democrats and it says, ''Look what some Democrats in Washington are putting out. When are those Democrats going to earn? The Communists in Nicaragua don't want our money. They want us.''

. Was there discussion about whether or not this might be going over the line of public education tactics because of the text?

UNCLASSIFIED

MR. SCOTT: I object. I think he has made it clear that he didn't understand at the time that it was a tax-exempt organization.

The question infers he had some knowledge. I think he has testified to the fact that he didn't have. I just object to the form of the question.

BY MR. OLIVER:

Q Is it your testimony that you did not know that these ads that Spitz Channell was running were paid for by tax-deductible money in 1986?

A Those ads funded by the National Endowment--

Q Any ads--

A We weren't aware of the tax-exempt status or lack thereof of any of the organizations.

MR. OLIVER: Thank you very much, Mr. Goodman. I have no further questions.

MR. FRYMAN: No further questions.

MR. SCOTT: We want to take a break and talk with him for a few minutes.

[Brief recess.]

MR. SCHWAIT: We had a discussion off the record with respect to whether we appeared voluntarily or by subpoena and we have had a chance to confer with Mr. Goodman and we have decided not to ask for a subpoena, and we would like the record to reflect that we have appeared

UNCLASSIFIED

voluntarily.

In fact, in July, we appeared voluntarily for an interview, also voluntarily made certain documents available, to counsel for the committee and again appear voluntarily today.

We will waive any right that we might have under the committee's rules and the resolution to a subpoena.

MR. FRYMAN: Off the record.

[Discussion off the record.]

MR. SCHWAIT: Back on the record.

The voluntary document production that was referred to about not relating to the original document production which was in compliance with a subpoena, but related to the list of clients that the Goodman Agency had for a designated time period, which was voluntarily produced.

MR. FRYMAN: I agree with the statements that counsel for Mr. Goodman has made and on behalf of the committee we state that we appreciate the cooperation that has been shown in our investigation.

MR. SCHWAIT: Thank you.

[Whereupon, at 5:50 p.m., the taking of the deposition concluded.]

COPY NO. 1 OF 1 COPIES

UNCLASSIFIED TOP SECRET CODEWORD

Stenographic Transcript of HSITS - 144 /87

HEARINGS

Before the COPY NO. 1 OF 2 COPIES

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF PAUL F. GORMAN

Wednesday, July 22, 1987

4239

TOP SECRET UNCLASSIFIED CODEWORD UNCLASSIFIED

Washington, D.C.

Partially Declassified/Released on JAN 13 1988
under provisions of E.O. 12356
by D. Sirko, National Security Council

ALDERSON REPORTING

COPY NO. 1 OF 1 COPIES

UNCLASSIFIED

DEPOSITION OF PAUL F. GORMAN

Wednesday, July 22, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of PAUL F. GORMAN, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:08 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

JOHN SAXON, ESQ.

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

JOSEPH SABA, ESQ.
ROBERT GENZMAN, ESQ.
ROGER KREUGER

On behalf of the Department of the Army:

ROBERT WINCHESTER, ESQ.
Special Assistant to the Secretary of the Army for Legislative Affairs
COLONEL JOHN WALLACE

CONTENTS

WITNESS	EXAMINATION ON BEHALF OF SENATE	HOUSE
Paul F. Gorman		
By Mr. Saba		5
By Mr. Saxon	19	
By Mr. Saba		24
By Mr. Saxon	56	
By Mr. Saba		72
By Mr. Saxon	73	
By Mr. Saba		79
By Mr. Saxon	90	
By Mr. Saba		94
By Mr. Saxon	104	

EXHIBITS

GORMAN EXHIBIT NUMBER	FOR IDENTIFICATION
1	39
2	42
3	43
4	45
5	47
6	50
7	58
8	59
9	62

E X H I B I T S (Continued)

GORMAN EXHIBIT NUMBER	FOR IDENTIFICATION
10	66
11	68
12	73
13	80
14	84
15	88
16	90
17	96

UNCLASSIFIED

PROCEEDINGS

Whereupon,

PAUL F. GORMAN,

called as a witness and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SABA:

Q Sir, would you please state your full name and address for the record?

A I'm Paul F. Gorman. My address is [redacted] [redacted] Afton, Virginia 22920.

Privacy

Q And can you please tell us what your present occupation is?

A I am presently a farmer. I have a small vineyard and I rent pasture for cattle production.

Q When did you retire from the United States Army?

A I was retired on the first of May of 1985.

Q And since the first of May, 1985, have you been employed in any other occupation other than as a private farmer?

A Yes. I have served as a consultant to the President's Commission on Organized Crime, as a member of the President's Blue Ribbon Commission on Defense Management, and I am presently serving as a consultant to

UNCLASSIFIED

Partially Declassified/Released on Jan 13, 1988
under provisions of E.O. 12356
by D. Sirko, National Security Council

the Commission on Integrated Long-Term Strategy.

Q In regards to your duties as a consultant on organized crime, in a general way can you describe your duties there?

A Yes. I was asked to advise the Commission on international narcotics trafficking, particularly that which stemmed from Latin America. I wrote a report for them.

Q And can you tell us, is this report classified?

A No, sir. It's been published as a part of the report of the Commission on Narcotics Abuse and Trafficking. The report is entitled, as I recall it, "America's Habit". It's an unclassified volume available from the Government Printing Office.

Q Do you recall when it was printed?

A March of 1986.

Q In connection with your duties as a consultant on organized crime, did you have occasion to look at the various drug-related activities in Central America -- and I will geographically limit myself to those countries north of Columbia and south of Mexico -- Panama, Costa Rica, El Salvador, Honduras, Nicaragua?

A I'm trying to think. Among the subjects that I dealt with were the activities of an American pilot then in the custody of, I guess, Florida prison authorities by the name of Seale. Mr. Seale had made several flights into and out of Nicaragua while I was the commander-in-chief in Panama, and I was provided an opportunity to look at his testimony and to meet with him and interrogate him.

But, aside from that, that was the only specific instance I can recall dealing with, related geographically to the area of your discussion. Mr. Seale, of course, made over 500 flights carrying cocaine into and out of the region. In general most of those, all but a few of them, were into the northern coast of South America, Columbia specifically.

Q What was Mr. Seale's connection in Nicaragua?

A When the Columbian authorities began to exert effective pressure on the drug cartels, decisions were made at the highest levels within the cartels to move their operations, at least temporarily, out of Columbia. One of the principal operators, a man by the name of Ochoa, who is a sometime associate of Carlos Leda Rivas, who subsequently was extradited to the United States, but Mr. Ochoa decided, apparently, to put an operation into Nicaragua, and with the assistance of a number of individuals in Europe and Cuba a drug processing facility was established. To the best of our knowledge and belief, that facility is located in an airfield north and west of Managua, an airfield operated by the Ministry of the Interior in Nicaragua.

Mr. Seale was retained by the Ochoa interests to convey into Nicaragua European experts in drug processing, equipment for this facility and to bring out cocaine hydrochloride for sale in the United States. You may know this story, but it's worth repeating. Apparently due to poor coordination between the Ministry of the Interior and the Ministry of Defense Mr. Seale was shot down over Managua. As he was taking off from this one airfield he overflew the air defenses of Managua International and the anti-aircraft guns cut loose, hit his airplane. He had to reland. The plane was rendered ineffective.

So they bought him an airline ticket, gave him some money, and told him to go north and get another airplane, which he did. But apparently on that trip -- as far as I know on that trip -- he was picked up by DEA agents, turned and sent back in -- the time frame of this would be like June of 1984 -- with an aircraft which had been equipped with cameras, and this aircraft returned laden with drugs and with film which showed Ochoa personally and an individual who is the personal assistant to the Minister of Interior in Managua, and a number of uniformed persons wearing the uniform of the Ministry of the Interior loading the aircraft.

And all of this was introduced in evidence in the Federal Court in Miami. This was a matter of some interest to me because I had been seeing those events from the outside. As the CINC, I knew about the anti-aircraft incidents. We were very puzzled as to what the hell was going on there. We knew they went in a full alert, that the Cuban-managed air defense system went bananas one night, and we were at a loss to figure out what in the world was going on down there.

And, of course, I was quite interested to discover this stream of events that I have just described to you.

Q Is this operation continuing at the present?

A Mr. Seale was machine-gunned to death on the streets of Baton Rouge, Louisiana. This was after the Commission had disbanded. And I don't know the story about that. I do know that extradition proceedings had been initiated for Mr. Ochoa, who was then in Spain, and the Spanish had been delaying the extradition pending the vote on Spain's role in NATO, and the principal witness in this extradition proceeding was Mr. Seale. My conclusion, unsupported by any information, is that Mr. Ochoa just eliminated his principal witness. The extradition certainly never took place.

Q In the examination of the drug traffic, did you come upon any evidence that any of the leadership of any of the various Nicaraguan resistance forces was involved in buying or selling of drugs?

A There isn't much hard evidence on any of this -- certainly nothing that you could produce in a Federal court of the sort that I just described -- film, witnesses, et cetera. But everything I know from human intelligence [redacted] would suggest that anybody that was in the game of subversion down there was in one way or another involved with drugs.

There can be little doubt, for example, on the basis of what I have heard from [redacted] that the Nicaraguan resistance groups turned very broadly to marijuana cultivation and sales when U.S. support for them was attenuated. I don't know anything specifically about the [redacted] resistance groups, but I would be very surprised if, knowing the state of discipline in that group, that some of those people weren't also involved in one way or another at various levels with the drug racket.

[redacted] guerrillas grow and sell marijuana on a relatively small scale -- just sort of a pocket change kind of operation, largely local.

Q Do you know if any of these groups, whether in [redacted] northern front, southern front, are involved in cocaine or other drugs other than marijuana?

A No. The big-time stuff, the cocaine, the stuff that's largely dependent on the airlines and communications going through there, is a Columbian-managed operation and aside from some Costa Rican shippers -- referring now to freight forwarders who would be handling through, for example, sealed containers -- there is little evidence to suggest that the Central Americans were much involved in the cocaine traffic.

Now the single exception to that is this operation in Managua. I don't know of any other evidence -- none was provided to me; I knew of none when I was CINC, and I was not given any when I was working for the Commission on Organized Crime -- that would suggest that the Central Americans themselves were in the racket big-time.

But again I go back to the point that if you have an intention, whether you are on the right or on the left down there, to be involved in violent activities, the easy way to get into them, to fund them, to get the information, the people, the guns, the people who are willing to commit murder, you deal in drugs because that's just a convenient way to put yourself in touch with unscrupulous and violent people.

Q I take it, General, you are familiar, or are you familiar with the resupply effort which was managed and supervised primarily by General Secord from his northern Virginia office, beginning in late '84 and continuing until November of 1986?

A The only thing I know about that operation I've read in the newspapers as a part of this hearing. Certainly while I was in command I had no information which would have led me to believe that there was such an operation under way in Central America.

Q I do want to get into some of that in a different way in a little bit.

MR. SAXON: Joe, are you ready to leave the drug topic?

MR. SABA: No. That's really where I'm still at.

BY MR. SABA: (Resuming)

Q I want to get into the other things a little bit later. As you know, sir, Mr. Hasenfus was shot down in October of '86 and prior to that there were several flights, in excess of 15, let's say, in 1986 involved in resupply of the contras or in the movement of contra supplies. Many of those flights left Central America for other points and there have been allegations that those planes, empty on their return, may or may not have carried drugs.

Do you have any information on that?

A I would be surprised if that had not occurred to the operators. But again I was given no information at all by the Commission on anything relating to that. Suffice to say we knew that there was a lot of air activity into and out of Nicaragua for which there was no ostensible explanation. There were no flight filings, no normal flight following or even sort of courtesy calls associated with these flights. They were frequently furtive in behavior. There was a lot of that kind of activity.

I was certainly aware that the contras, the Nicaraguan resistance, had aircraft and conducted resupply inside of Nicaragua. We did see a certain amount of that activity reflected [redacted]

Q What period of time are you talking about -- when you were serving as a consultant to the crime commission?

A No. I'm back in command now. I got nothing as a consultant other than this Seale case. And the principal interest in Mr. Seale was his Columbian operations. This Nicaraguan thing was a very small subset of some 500-some-odd.

Q So just to get the time frames correct, in your capacity as a consultant you were looking primarily at Mr. Seale and some other matters. When we are discussing matters in and out of Nicaragua you are basing your information primarily on what you had during the time you were either in command in Panama or prior to the period when you retired from the service?

A No. That was the one case where Mr. Seale's story explained to me a whole raft of phenomena that I had been aware of as the CINC for which I had no previous explanation.

Q I see.

A So that was the only case where I could sort of fit together the two undertakings.

Q I didn't want to interrupt you. I just wanted to get it clear what time. You said that you were aware that the contras had aircraft which were in and out. There were no flight filings, no courtesy calls. What period are you referring to in time?

A Generally speaking, from 1983, when I took command, until I left command. There was always some kind of mysterious air activity into and out of Nicaragua, one explanation of which would have been, you know, given the places from which the aircraft were apparently leaving or first detected to where they were going [redacted] would suggest to us that it was related to rebel resupply.

[redacted]

PAGES 16 AND 17

DENIED IN TOTAL

[redacted]

Q Do you know of any connection between the Central American drug matters and the death of a gentleman by the name of Carr in Los Angeles?

A No.

MR. SABA: John?

BY MR. SAXON:

Q Let me ask you first about [redacted] if in the course of your knowing generally about him -- and I understand you say that's fairly limited -- did you ever hear his name in connection with Swiss bank accounts, General Secord, the Secord operation, et cetera?

A No. I want to be very clear from my earlier remark I meant to say that I never associated Dick Secord with my area of operation, never.

Q With your region of the world -- SOUTHCOM?

A Yes. As far as I know, Dick was a Middle Eastern-Iranian person, and I never heard his name in connection with anything in Central America. I certainly would not have connected Dick Secord with this guy [redacted]

[redacted]

Q Did you ever gain any information or see any evidence, hard or otherwise, connecting the Acoa family with an effort to pay Mr. Calero $1 million to have

Ambassador Tambs assassinated? You may have hard those allegations.

A Yeah, I think Lew Tambs is my principal source. No, other than recently, and I think it was Lew who told me all of it. I knew while I was in command that there had been threats directed at Ambassador Tambs in Columbia, and I had reason to believe from my own sources that that was kind of serious stuff. I mean, we took what we were getting very seriously. I had people in the Columbian security service approach me and tell me that they regarded all of this as very serious and that we needed to take precautions with the Ambassador and with other senior U.S. officials at the time.

This was, of course, in the context in 1984 of the death of Lara and the Minister of Justice in Bogota, the passage of the law of May 1984 which declared, in effect, martial law, a state of emergency, assigned the drug business to the Minister of Defense, and I was asked to come down to talk to the Minister of Defense about what do you do about all of this. My advice was get a lawyer.

MR. KREUZER: Was that when they brought out the tanks? If I recall, there was some gunplay in the streets.

THE WITNESS: You are referring, I think, to the attack on the Supreme Court, which would have been in the fall of '85. This was after that.

MR. KREUZER: So this was before that?

THE WITNESS: This was back in 1984. It was kind of a querulous time in Columbian history. President Betancur really bet his political future that he could do two things -- one, bring about a ceasefire with the guerrillas, and, second, eliminate the drug interests.

[redacted]

Shortly thereafter you have Carlos Rivas talking about raising an army of a million Columbian youth to attack the government and Americans wherever they could be found, et cetera, culminating, of course, in that shootup of the Supreme Court in which something like 70-odd people were killed -- all of the Justices and so on.

MR. KREUZER: Where are we today as far as the Columbian government policies toward the drug trade?

THE WITNESS: Of course I have been out of the net for a long time. I have not talked with the U.S. Ambassador or with any of the Columbians involved, but from what I can read in the paper I would say that things have reached a fairly desperate condition down there. They have, you know, declared the extradition law under which Carlos Rivas was brought to the United States as unconstitutional and there is about to be a major confrontation between the legislature and the judicial system.

The judges, of course, many -- you know, being a judge in Columbia is not a good combination for an insurance policy these days.

MR. KREUZER: Sort of like being a Marine

Lieutenant on a landing craft.

THE WITNESS: You got it.

[redacted]

THE WITNESS: [redacted]

BY MR. SAXON: (Resuming)

Q General, let me go back to Ambassador Tambs and make sure I understand your answer to my question. I heard you say that there were reliable sources to suggest Ambassador Tambs might have some serious threats on his life.

A When he was the Ambassador in Bogota.

Q But not at the time when he moved to Costa Rica?

A I, of course, can't testify to that. I simply know what he's told me about that.

Q So I take that to be a no as to my question as to whether you had any hard evidence.

A That is a no.

MR. SAXON: That's all I've got on this, Joe.

BY MR. SABA: (Resuming)

Q Let's leave drugs, though it makes Miami Vice sound tame.

General, since leaving the military in May of 1985 how much contact have you had with Colonel North? I'm interested in contacts, the purpose of the contacts.

A Sporadic, periodic. When I was working on the Packard Commission, of course, the Commission meets over there in Lafayette Square in that down townhouse, so we were down in the vicinity of the White House, and I would from time to time stop by and have a cup of coffee and shoot the breeze with Oliver or Fawn Hall.

He was perplexed at my testimony up here, which put the prospects of the Nicaraguan resistance succeeding as dim at best.

Q For the record, when was that testimony?

A Oh, let's see. I was asked to come back in June of 1985 to testify before the Senate Appropriations Committee. All of that testimony had to do largely with the drug business, but, of course, any time I've been up here it's turned out to be a hearing on the contras. You know, you go up to testify on one thing, and you end up testifying on another. But we got into the contra business, as I recall it, then.

Then there was a hearing. It was the Democratic Caucus held a breakfast, December of '85, somewhere in that time frame. And at the breakfast Lee Hamilton and I and Tony Motley -- I think those were the principal speakers -- talked to the people at the breakfast about the situation in Central America. We each made a little prepared speech and then there was a series of questions. And in that go-round I was somewhat negative about all of that.

That is associated in my mind, and I'm not clear on the timing here, but I think it was in the summer, but it's associated in my mind with a meeting over in the House on the Nicaraguan resistance movement in general -- not the contras specifically but all opposition to the Sandinistas -- and they had people from La Prensa and the labor unions and the political parties, and Bishop Pablo Vegas, the Bishop of Managua, who was here. And he made what I thought was a set of fairly interesting statements which eventually got his papers pulled by the Sandinistas and a protest from the Vatican.

But the point is that whenever that took place what I was saying in those days was that I did not see in the Nicaraguan resistance a combination of forces that could lead to the overthrow of the government or the unseating of the Sandinistas. To the contrary, the lack of political -- a unifying political aegis for this movement, the fact that all of these people were apparently objecting to the Sandinistas but they had no common cause.

There were, instead, the cause of the Church and the cause of the labor unions and the cause of the free press, and these guys running around in the hills in the north weren't associated with it. There was apparently no connection between people inside of

Nicaragua's populated areas who were in opposition to the Sandinistas and the people who were on the outside with guns, and, to the best of my knowledge at the time I left office, no intelligence apparatus serving the contras inside of Nicaragua -- in short, none of the manifestations of a resistance movement that could be turned into political capital.

Further, the training of the contras was, when I last saw them in 1985, abysmal -- no leaders, largely illiterate, ignorant campesinos. I didn't regard them as a very effective military organization, based on what I could see in reflections of battles, in communications on both sides. The Sandinistas could wipe them out.

MR. KREUZER: Sir, how did this body with no unifying cause come together to be injected into Nicaragua or to move into Nicaragua? What is the driving force?

THE WITNESS: I'd say three things about that. The first thing is, of course, there have always been people in the hills with guns opposed to the government in Managua, no matter who that government was. The second thing you've got to say is that the Nicaraguans were really stirred by the revolution of 1979 and many Nicaraguans believed or have since come to believe that that Nicaraguan revolution which threw out Somoza was betrayed by the Sandinista directorate.

And the third thing you've got to say is the fact that it has been possible to recruit Nicaraguans for these various groups indicates that it's something that is indigenous. That is to say there is enough sentiment, fire, concern on the part of the Nicaraguans to lead people to put their lives and their families on the line for the cause. But you have to say then that no Nicaraguan leader has come forward to take advantage of this sentiment. There is very evident anti-Sandinista fervor.

But, to get back to the point, Oliver was terribly concerned about my attitude, and he knew that I was traveling up here on the Hill and in other circles where I was being asked to comment on the prospects of these people. Throughout the time that I was on the Packard Commission I was up here repeatedly dealing with the Senate Armed Services Committee on what became the Nunn-Goldwater bill, that whole package of legislation. And at most of those meetings we would eventually end up in a discussion of Central America and the contras.

BY MR. SABA: (Resuming)

Q And I take it Colonel North, who had been your friend, was your friend, was not pleased with the position you were taking?

A No. And he was trying to convince me that, boy, there's a lot going for them. You know, he would keep citing statistics on how their recruiting was going and what they were doing. He had pictures in his office that he would show me of well-equipped, armed bands that he said were taken down in the middle of Nicaragua. And I kept telling him, yeah, Oliver, but the day that, you know, some Nicaraguan unity group appears and it's evident that it's got everybody in it, from the guys who are running the FDN to the Indians to the people in Costa Rica, that's the day I'll begin to believe that this thing has a future.

Q Do you recall a briefing that Colonel North might have provided to you in May of '86?

A No. These were all very casual sort of things, and I don't know -- well, you must know from seeing the telephone records. I mean, this guy always had a telephone growing out of his ear, and most of my calls over there I spent more time talking to Fawn than I did to Ollie because he was usually called away by a phone call or something -- very hard to talk to.

Q I'll tell you why I mentioned that. There exists in the records notes apparently initiated from Admiral Poindexter to North suggesting that he worked you into a briefing in May of 1986 about, I think his words were, about Central America, is the way he phrased it in the suggestion to Colonel North. And following that suggestion Colonel North's records -- of course, there are quite a few phone calls to you that would have preceded your briefings on the Hill and the various events through the rest of '86.

A There was some newspaper story -- and it may be that I've got this wrong, but I think I made a speech over at the National Defense University which was reported in the Washington Post, and Oliver that spring got very exercised because in it I said unless and until we build a guerrilla force down there, we are not going to get anywhere with any sums of money that we are putting into them.

And, of course, at that point in time there was a lot of speculation about how long and how much money was it going to take, and I kept saying, boy, you're talking about two indeterminates. I can't see any amount of money or any amount of time, given the present set of conditions, that would be efficacious. There has got to be some fundamental change. I said that over at NDU. Oliver got very exercised about that and called me and said would you try to put together an op ed piece.

So I tried my hand at an op ed piece, which he allegedly was going to get placed in the Washington Post.

It never was, and I gather it's because what I wrote displeased him. But there never was any discussion of a briefing, and I don't know what John was saying.

MR. SAXON: I take it that you never saw a slide show?

THE WITNESS: No.

BY MR. SABA: (Resuming)

Q Did he discuss with you -- and I'm still focused on the period after your retirement -- did he discuss with you specifics about the funding for the contras, the resupply effort, how he was doing matters, where the money was coming from?

A No.

Q How much money?

A No.

Q Any of those factors. Didn't you ask him how are you keeping this going, knowing that obviously U.S. money was drying up?

A Look, it was very clear to me that Oliver North then, as he had been in all of the time previous, was in touch with, fairly frequently, members of the Nicaraguan resistance. It was very clear to me that Oliver had a thing about the contras. He intensely believed in them, and he was deeply concerned about their public image. And it was also very clear to me he saw me as a problem in terms of what I was saying, and I think he was just doing his damnedest to get me to shut up -- old General, put a cork in it.

But beyond that we never discussed anything about these rat lines and all that stuff, no. I didn't know anything about it.

Q Did he ask you, after your retirement, to do anything on behalf of the contras?

A No. Now I had been approached by all kinds of odd characters, but I, of course, -- we probably get two or three calls a week down there from various people who want me to interest myself in this or that or another movement, and I have just refused to have anything to do with that stuff.

Q Some of these questions are not to imply anything on my part but questions I feel I should ask. During the period following your return, did you have any dealings, business or otherwise, with General Secord?

A No.

Q Former Colonel Dutton?

A (Nods in the negative.)

Q Richard Gadd?

A No. Until I saw the names in the paper, other than Dick, I don't know anything. Now I did run into Dick over in the Executive Office Building on two occasions that I can recall in the hall. I mean, we just stopped and said hello.

Q I'm pursuing a business relationship.

A No. But again at the time I associated Dick wholly with the Middle East and the fact that he was in there didn't surprise me at all because he's one of the putative experts on Iran.

Q After your retirement did you have any contacts with Richard Armitage, Assistant Secretary?

A No.

Q Noel Koch?

A The only occasion that I had any dealings with those two gents was at the conference staged by the SecDef and SecState over at NDU on low intensity conflict, at which Koch and Armitage were speakers. I was also a speaker, a participant.

MR. SAXON: That would have been February of '86?

THE WITNESS: More like January.

BY MR. SABA: (Resuming)

Q Late January-February of '86. How about Elliott Abrams? And again I'm only looking at the period in your retirement, not prior.

A The first time I met Elliott was at that meeting in North's office on the subject of [redacted]

[redacted] and I did not then talk to Elliott again until this year, and it would be like a couple of months ago.

Dick Shaden, Colonel Dick Shaden, from my staff in Panama came home and was assigned to Elliott Abrams' office and it occurred to Dick that it would be useful, since Abrams and I had never met and never talked, to bring us together, and on two occasions I went over and had breakfast at the State Department, then went up and spent 20 or 30 minutes with Abrams talking about--well, one conference was on the future of the Panama Canal, what do you do about that. And the other one was on the Central American issue -- Nicaragua, what do you do about all of that?

That was this year, though.

Q 1987?

A Yes.

MR. SAXON: When you said [redacted]

THE WITNESS: Yes.

BY MR. SABA: (Resuming)

Q After your retirement were you approached by anyone to engage in fundraising on behalf of any of the resistance forces?

A I don't know. I was approached by some strange characters. Nobody ever suggested that I would be involved in fundraising, but it was clear that I was expected to go to meetings and speak and, you know, I would always ask, of course, what organization is this. And you'd get these Friends of Democracy and Freedom in Central America or something like that, and I'd say no thank you. I'm too busy.

Q Were any of the people who approached you employees of the U.S. Government?

A No. And I'd be at a loss now to remember their names.

MR. SAXON: Senator Rudman would say you were asked to be part of the first punch of the one-two punch.

BY MR. SABA: (Resuming)

Q The semantics of this are getting very refined. In fact, did you participate in any sessions in which the topic was to generate support of any kind, public support?

A Not to my knowledge, and I'm sure Oliver's notes would reflect that his concern was that I was over talking to groups like the Democratic Caucus or the opposite kind of thing.

MR. SAXON: The enemy.

BY MR. SABA: (Resuming)

Q Just so I can close this section out, did

Colonel North or anyone from the NSC staff make any request of you to participate in meetings intended to generate private support for the contras?

A No.

Q And in asking that question I'll move all the way back -- at any time, including the period that you were still in the military.

A No. No. After leaving office I had one meeting with Bud McFarlane. I don't ever recall meeting with John Poindexter, but I did talk to John on the telephone on [redacted] But in the meeting with McFarlane the conversation was all sort of on the general policy of the United States. It was not directed. There was no mention of raising funds for anybody. Indeed, I don't recall McFarlane worrying about the Nicaraguan resistance.

What he was concerned with is the [redacted] and the [redacted] How did I see all of that going down?

Q I'd like to turn now to the period after you returned from your SOUTHCOM command, roughly January 1985.

A The end of February. I spent March and April in town here and then went down to the farm in May.

Q During that period, what were your duties?

A I was assigned to the Office of the Chief of Staff and I busied myself, generally speaking, with three sets of propositions. One was getting myself out of the Army, going through the physicals, getting my security debriefs, and all of that kind of business. That took, obviously, not very much time.

Secondly, I had a series of speechmaking undertakings that I had agreed to before I left office, and I honored those, and those trips, as I recall, for example, one was the American Bar Association meeting down in Orlando, Florida. It was kind of a nice thing to get involved in. We'd never been down to Orlando before. It was during the March time frame, as you may know, of the annual West Point dinners around the country, and I think I spoke at maybe four of those -- one on the West Coast and three here on the East Coast. I was doing a lot of that kind of traveling.

The third thing I was, of course, doing my utmost to help Jack Galvin get started right. I had a number of meetings with him and with some of his key staff officers about various plans and programs that we had under way.

Q During this time, General, as you may recall-- and I'll help you with some notes -- you had quite a few meetings, actually, with Colonel North and others, the subject of which in many cases -- the apparent subject of which -- was the anti-Nicaraguan resistance forces.

What I'd like to do is show you some of Colonel North's notes and ask you if you recall the subject of those discussions and what they were. The first one, which will be Exhibit 1, is Colonel North's notes for the 18th of March 1985. In the event you are unfamiliar with these notes, in addition to his prolific PROFs notes and in addition to a rather detailed telephone and calendar log, Colonel North also kept in stenographic notebooks notes of his meetings, telephone conversations and various events that were of importance to him over a period of time.

MR. KREUZER: We just don't know where he got the time to talk on the phone.

THE WITNESS: He worked until 9:00 at night.

BY MR. SABA: (Resuming)

Q In order to help you, I'm going to show you a number of these. I'm going to move backwards chronologically. The first one is 18 March of 1985, and I'll start moving back, which will then take you back into the period in which you were in command.

Let me show you what will be Exhibit 1, a note of 18 March.

(The document referred to was

marked Gorman Exhibit Number 1 for identification.)

As you notice, at the bottom of the page there is a reference to 1345, presumably a time reference, and there is a comment: "Gates-Gorman briefing."

A My memory of that was an appearance by Robert Gates, who was the Deputy Director for Intelligence at CIA, and myself before the Senate Foreign Relations Committee. The subject was Central America. It was a hearing that had originally been set up for January and, as I recall, postponed because of the Senate calendar until March. And Bob went up and talked to the intelligence picture and I then commented on the military situation and then we answered questions.

I think that this is a reference to that, and I don't know what the entry 1345 is, and I can't read this stuff over here. I don't know what that means -- 14 National.

Q I can't either. Just under the reference to Foreign Relations hearing there's a little bullet that says "Who said what to who on" and then it looks like [redacted] connection". Do you know what that is a reference to?

A [redacted]?

Q Yes. [redacted] perhaps.

A I don't know. I know that my memory is that this questioning kind of got off into a discussion of [redacted] and the Central American.

Q Was there any mention here of the relationship of General Secord and his activities in the Middle East [redacted] and support for the Nicaraguans?

A This all must be on the record. I mean, I assume that there is a record of that hearing.

Q There is a record of the hearing but, of course, there's not a transcript of the briefing and the discussions.

A Oh, I see. To the best of my memory, it was a fairly straightforward discussion, as straightforward as these sort of things get, of the U.S. relationship to resistance movements, with particular focus on the Central American issue.

Q Was there any reference, do you recall, in that briefing to private assistance to those movements and particularly the Nicaraguan?

A No. My memory of this whole thing was this was one more case where some Senators were trying to get me to say that, you know, it was all going to be over in a year, and I was not prepared to sign up with that. And

I can remember Oliver being very unhappy with me because I refused to be optimistic about the prospects for the resistance. But there was no discussion of how they were being supported or anything else.

Q During this period of time, sir -- and I will leave that exhibit -- during this period of time what was your relationship to Admiral Moreau?

A A close friend, colleague. Of course, you know, Art was my successor. He took over my office and he and I both served General Jack Vessey. I would say that during the period that I was in office I talked with one or the other of those gentlemen every day in one way or another. During this period Art had been down to Central America. He went down with a group of people helping to get the new CINC revved up on what had gone in the past, and I would drop by his office from time to time just to answer questions about various odds and ends.

Q Did he keep himself fairly well informed about the Nicaraguan resistance movement?

A Hey. The Nicaraguan resistance movement was very peripheral to our concerns, and I don't recall talking about the Nicaraguan resistance with Art except as a kind of a general factor in a strategic equation, the primary parameters of which were the stability of the

UNCLASSIFIED

Hondurans and the Costa Ricans and Salvadorans.

Q I'd like to show you another note from Colonel North. This one concerns Admiral Moreau and I have underlined the area I'm interested in, and that will be Exhibit 2. It is an entry for the 15th of March.

(The document referred to was marked Gorman Exhibit Number 2 for identification.)

The reference I'm interested in is under the name Moreau. The second bullet says: "Third country:", and then there's a quote: "We don't intend that our money be used for refugees. Use it." Do you have any knowledge of the subject matter for that entry?

A No, I certainly don't.

Q Do you know if Admiral Moreau was aware of the third country funding, the uses of that money in connection with Nicaragua?

A If he was, he certainly never mentioned it to me. It just never came up.

Q Let me show you another one, and perhaps you could help with this. This is an entry for March 6, and I'm interested in the second set of bullets and the reference is "call from Admiral Moreau re C/JCS trip to HO."

(The document referred to was

UNCLASSIFIED

marked Gorman Exhibit Number 3 for identification.)

There are several bullets under there and perhaps you might be able to provide us some information. The first says "intelligence for resistance."

A I mentioned that Art had been down to Central America. I'm trying to think whether that was in reference to the Chairman. I don't think the Chairman went down. Yes, the Chairman went down for the change of command. That's what it was. Change of command was at the end of February. The Chairman went down for the change of command, and then he and Art went north and stopped at Tegucigalpa and San Salvador, and I think Guatemala City before going on back.

Q That's correct. And this call would appear to be a briefing in short from Admiral Moreau to Colonel North about that trip. Were you similarly briefed about that trip?

A No. I was not. The entry "intelligence for resistance" I would interpret to be some sort of discussion of providing SOUTHCOM collection [redacted] intended ultimately for the resistance, but I don't know what that's all about. I don't know what that next word is.

Q The next reference is "Suazo meeting went well, but doesn't understand problems for U.S. Government".

A Well, that's, of course, a reference to Suazo Cordoba, the President of Honduras. President Suazo had formed an affection for General Vessey and the two of them got together whenever they could. Either Suazo was up here or he was down there. And the problem for the U.S. Government [redacted] he couldn't begin to grasp what was going on in the U.S. Congress vis-a-vis the Boland Amendment, the cession of aid or the attenuation of aid, and I think that's probably what that's all about. But I don't recall Art briefing me on any of this.

Q So your recollection is that you were not briefed on Admiral Moreau's trip?

A No.

Q All right. I think I'll move on to the next paper and I will ask you to comment further.

A Incidentally, while we're on this one, it says "talked with Calero in Honduras." You know, if such a meeting actually took place, that would have been a first. I never met with this guy, and John Negroponte, the Ambassador, was always very careful to keep us apart, keep the U.S. military separated from that whole operation. So that surprises me.

Q But is it your testimony that you weren't informed about such a meeting?

A That's my testimony.

Q Let me show you the next note I have, which is the 4 March '85, and I have underlined the section.

(The document referred to was marked Gorman Exhibit Number 4 for identification.)

A There is another entry up top that brings up another occasion that grieved Ollie, and that was the Naval Institute seminar up at Newport. Bud McFarlane and I and some other people talked to the problem in Central America and Ollie was displeased with the bad marks I gave the Nicaraguan resistance.

Q This is a note from the same set of books dated 4 March 85. In the beginning reference it says "plan includes", and there is a reference to some numbers, "third country support, CIA intelligence." And there is a bullet "center the activity in WH", and the next bullet is "Paul Gorman to join."

A Absolutely no suggestion of anything like that ever made to me. I just don't know what it refers to -- $25 million to $50 million, third country support, and CIA intelligence. Is RCM Bud McFarlane?

Q Yes.

A No, never any discussion of that either with McFarlane or North.

Q Would it refresh your recollection to know that at this time there was [redacted] which covered the period in which the Boland Amendment had cut off all funding, which happened to be precisely in this time frame?

A I can assure you that I never had any discussions in any of my meetings with anybody [redacted]

MR. SAXON: Colonel North never mentioned we were getting money [redacted] for the contras?

THE WITNESS: No.

MR. SAXON: Did Secretary Weinberger ever mention that to you in that time frame?

THE WITNESS: No.

MR. SAXON: Mr. Armitage?

THE WITNESS: Never.

BY MR. SABA: (Resuming)

Q Did Ollie discuss with you the fact that this money would be somehow administered out of the White House?

A No.

Q Or was the CIA to provide intelligence?

A This is all completely new to me.

Q Why don't we move on, which in this case is backwards?

MR. SAXON: You should know, General, that that's how the House of Representatives feels easier doing things.

MR. SABA: Backwards.

BY MR. SABA: (Resuming)

Q [redacted] This concerns our friend Felix Rodriguez.

(The document referred to was marked Gorman Exhibit Number 5 for identification.)

Why don't you take a look at this. I would note that the hour is 10:30, and I had promised someone else here a break at 10:30. This may be a bit of a discussion and this may be as appropriate a time as any.

(A brief recess was taken.)

BY MR. SABA: (Resuming)

Q [redacted] I would ask you, General, if you might comment for us on your knowledge of the role of Felix Rodriguez. I understand that he first came to see you in the summer of 1984 while you were in command.

A That was my memory at the time I talked with you last time. I think I indicated that I was hazy about that. I had him pegged to the election time frame, you will recall, [redacted] The meeting [redacted] may have been that initial go-around with Rodriguez down in my headquarters.

But at the same time [redacted] I got a call from one of my Cuban friends suggesting that Felix was going to be in Panama and I needed to meet with Felix, to see Felix, let him tell me about what he had been doing. And I did meet with Felix. Most of our discussion was about where he had been, what he had been doing. We talked a lot about his experiences in Vietnam, [redacted] where he was involved in air mobile patrol operations, insurging patrols by helicopters, and he thought that what he knew about this would be directly useful in Salvador.

I told him that if he went to Salvador he could expect nothing from SOUTHCOM, that we simply could not in any sense offer him support or cooperation.

Q Is this in respect to -- you mentioned what SOUTHCOM could do for him. Is this in respect to a program whereby we were providing certain assistance to the government of El Salvador in its internal problems, or is this in respect to activities [redacted] in support of the Nicaraguan resistance?

A What he told me was that he thought that he could show the Salvadorans how to use their helicopters like he had shown the Vietnamese how to use helicopters for the purposes of conducting patrol operations against the guerrillas in El Salvador. At no time was there ever any communication from Felix to me about Nicaraguan or the resistance or anything else.

My understanding of this guy was that he was a retired officer who wanted to get involved in the war in El Salvador, and I had a deep aversion to volunteers, amateurs, screwing around with the Salvadorans. It's just bad news. And in particular at this point in time we were about to transition a group of Salvadoran commandos that were being used by the Salvadoran air force with particularly good effect [redacted] to SOUTHCOM control, and I was very concerned lest this guy get in the middle of that and screw it up.

He claimed to have an entre [redacted] He told me that he could get an introductio [redacted] [redacted] and what I told him then was, look, if you go to Salvador, check in with the Ambassador. Do nothing that the Ambassador does not approve of by way of getting in touch with senior Salvadorans. But again what I want to tell you, my friend, is that in any such contacts if you are talking about military operations that's SOUTHCOM business and SOUTHCOM and you are just not going to be associated, period.

Q Let me show you as the next exhibit one of Ollie's notes, again dated 19 February, two weeks after that [redacted] also concerning Mr. Rodriguez.

(The document referred to was marked Gorman Exhibit Number 6 for identification.)

I don't think I underlined it this time in yellow, but I refer to the notation on the bottom of the page.

MR. SAXON: For the record, this was Oliver North Exhibit 102 when Colonel North testified.

THE WITNESS: What does the entry say before with General Gorman?

BY MR. SABA: (Resuming)

Q Discussion.

(Pause.)

A I don't know what the first line suggests. FR told us priority should be FDN. I never associated Felix Rodriguez with the FDN, period. Never discussed Felix Rodriguez, to my knowledge, with Ollie in any context related to the Nicaraguan resistance.

Q You can see the implication is that you didn't want him involved in SOUTHCOM's business. The guy shows up at your door and you are thinking I don't want him mucking up this transition and I am going to keep command of my force in El Salvador. Here he is with high level contacts; what do we do with him? And then the direction is, all right, you go and direct your activities with the FDN.

A I know that's what the note would suggest, but it's a mystery to me. I just don't. You know, again I'm quite confident that at no time was Felix Rodriguez ever suggested to me as somebody that had a tie with, a connection with or certainly, you know, that he ought to put his priority attention on the FDN. This business of the stage of transition [redacted] to SOUTHCOM-run ops is true.

[redacted]

PAGE 52

DENIED IN
TOTAL

[redacted]

Q Do you know what happened to Rodriguez, what he did? I don't know if you watched his testimony.

A No, I do not. I gather from newspaper reports that he became a principal in this air line of communication to the FDN.

Q And were you aware of any support provided to him in that capacity by Colonel Steele?

A No. In fact, as I think I told you before, my instructions to Jim Steele in the context of this thing was to not have anything to do with the guy or any other of these volunteers. We had had a number of these wild west types -- you know, Foreign Legion types. They would read these magazines back here in the United States and they think they are going to go down and start World War III.

They will walk into the Embassy and want to do this, that and the other. You know, show me where I've got to go. And occasionally they would pop up in the field and I think this is a reference to some of these people [redacted] And I wanted to discourage that and I was talking to Ollie about this because I was concerned. I don't know whether I was up in Washington. I think I might have been up in Washington. This was toward the end.

I think I was testifying before the SASC about that time. But my concern was this White House connection, and I was trying to get him to turn it off, turn this guy down.

Q Did Ollie tell you anything about Mr. Rodriguez' connections with Don Gregg of the Vice President's office?

A No. I knew who Gregg was, but I had never met him and didn't meet him until within the past year in connection with the Packard Commission. I went over to the Office of the Vice President to talk about his relationship with the Chairman.

Q Did you brief General Galvin about Mr. Rodriguez and Colonel Steele's possible relationship to him?

A No. What I did talk to Jack about was [redacted] [redacted] a number of Americans who had no official status and my concern over their activities. I don't recall specifically talking about Rodriguez. It's possible I did, but I do remember expressing to him my worry that SOUTHCOM's operations were vulnerable to exposure through the intervention of these characters from up north. [redacted] And, of course, [redacted] they had actually been involved in shooting incidents with the Nicaraguans, very dangerous kinds of sorts of undertakings.

Q Did Colonel North, in connection with this discussion on February 19, did Colonel North tell you what Rodriguez would be doing?

A No. No, he did not.

Q Do you recall who initiated the discussion?

A I'm sure I did, and I did it because Ollie was my person in the White House. I didn't know Gregg. I was concerned that the White House, you know, this guy showing up with a White House backing seemed to me to be particularly disturbing. I was trying, I think, putting a retrospective face on it, I think what I was trying to do was to just clean it up for Jack Galvin so that he wouldn't have to deal with this.

Q Did North tell you that he had or he would be providing means of secure communications to Rodriguez?

A Absolutely not.

Q Did he ask you or tell you that he expected or intended that Colonel Steele would also receive that same means of communication and be involved?

A Had I known that I would have raised hell.

MR. SABA: I think Mr. Saxon has some questions also on this topic.

BY MR. SAXON: (Resuming)

Q First, General, let me make sure I understand what your testimony is thus far with regard to Mr. Rodriguez. You said that you never discussed the FDN with Felix Rodriguez; is that correct?

A Yes.

Q And I think you said that you instructed Colonel Steele to have nothing to do with Felix Rodriguez; is that correct?

A That is correct.

Q Did you ever communicate with Colonel Steele regarding Felix Rodrigues other than to instruct him to have nothing to do with him?

A I was in Salvador at least once a week. I know that I have had discussions with the Ambassador and Steele about Rodriguez and these other characters that were out there. Those discussions centered on [redacted] and I didn't want to have any disturbing influences like these guys [redacted]

Some of those people were out and out commercial types. I mean, they were selling night vision goggles and other gadgets to the ESAF. Some of them, like Rodrigues, might have lofty motives, but they were undisciplined, didn't report to anybody in the U.S. Government, and from my point of view I did not want the Ambassador, [redacted] my guy in San Salvador to countenance their interfering [redacted]

My general attitude was we don't have anything to do with volunteers.

[redacted]

Q Did you ever communicate in writing to Ambassador Pickering regarding Felix Rodriguez?

A Again, I was in touch with the Ambassador several times a week, and I was up there at least once a week myself. We certainly did talk this. Now whether it was orally, by telephone, or by writing I don't recall. But we did talk about Rodriguez, yes, and I was pleased that the Ambassador shared my view that these extraneous influences should not be allowed to become a part of the modus operandi [redacted]

Q I'm not sure if I got a yes or not. Did you ever communicate in writing from yourself to Ambassador Pickering about Felix Rodriguez?

A I don't remember. I just don't remember.

Q Let me introduce some exhibits and show you a few documents and give you a chance to read the first one. I ask that that be marked as Exhibit 7.

(The document referred to was marked Gorman Exhibit Number 7 for identification.)

(Pause.)

Now as I read it, this document is simply a draft of Ambassador Pickering's cable to you [redacted] [redacted] and it has on it Colonel Steele's cover note to the Ambassador which went through the Deputy Chief of Mission transmitting it. Do you recall ever hearing Mr. Rodriguez referred to as our no-pay mercenary?

A No. And this mention of Blandon --

[redacted] --

A Yes, reminds me that [redacted] was a party to this thing. It was not only [redacted] and this mention of his specialty -- air mobile operation with elite units designed to pursue a targeted guerrilla unit until it is destroyed -- evokes what Rodriguez told me about his operations in Vietnam. And that was what he was supposed to know about.

Q All right, sir. Let me move in chronological sequence forward from Colonel Steele's 1 February note to the next exhibit.

(The document referred to was marked Gorman Exhibit Number 8 for identification.)

(Pause.)

A Okay.

Q Let me ask you first, General, if you recall having sent this telegram to Ambassador Pickering on or about the 8th of February 1985.

A Well, obviously I did, but I don't recall it, no.

Q Okay. It has as its subject Felix Rodriguez, and then the text begins: "Subject has been put into play by Ollie North" and, down below that, "Ollie assures me that he will pass word to Rodriguez to get in touch with me before he goes any further." The next paragraph says: "But Ollie assures me that his intent was to focus Rodriguez on forces operating elsewhere in Central America and that nothing more than consulting with", and then the name is blocked out, "was contemplated."

Would it be fair to interpret that as his, Mr. Rodriguez', going to El Salvador and meeting with [redacted] [redacted] was more or less a cover for his operations to assist the FDN?

A Again, I don't ever recall Ollie linking Rodriguez with the FDN.

Q And you don't recall ever linking Rodriguez with the FDN?

A No. But the sentence where his intent is to focus Rodriguez on forces operating elsewhere in the Cent Am --

Q If this in fact is your cable, as Ambassador Pickering suggests, you go further to say: "opining that we really had enough advice for the ESAF" -- I assume that's the El Salvador Air Force -- "on the net at the moment. Ollie rogered and said that Rodriguez can be much more useful in other places where aid and advice is much scarcer."

A Right.

Q Is it a fair inference to draw that that might suggest Colonel North intended and you assumed that Mr. Rodriguez was going to be helping the FDN?

A I could certainly believe that, you know, he was going to put Rodriguez to work for those purposes. I knew that Ollie was in touch with the FDN, and I could believe that that was his intention. But my main concern was to keep Rodriguez out of our hair in Salvador, and, frankly, I didn't care where else he went. My concern [redacted] which was my main interest in all of this.

But again how Ollie was going to use this guy I don't know. I really don't.

Q Shortly after you apparently sent that cable do you recall that Rodriguez came down and passed through?

A Yes. When I talked with you last time I had that associated with the elections.

Q Do you recall what you discuss with him?

A Yep. Again, we spent most of the time doing old boy stuff, back to the '60s, walked through his adventures [redacted]. He was very concerned about the situation in Bolivia. We talked about that at some length. We talked about Vietnam.

Q Did you talk to him any about the FDN?

A No.

Q Do you recall did you tell him that the FDN deserved his priority?

A Not that I can recall, no.

Q All right. Let me have and have you take a look at this next document. I'll have it marked as Exhibit 9.

(The document referred to was marked Gorman Exhibit Number 9 for identification.)

(Pause.)

A Yes, okay.

Q Let me say first of all this apparently is a cable from you dated 14 February 85 to Ambassador

Pickering and Colonel Jim Steele. Up at the top you will see, in the upper right hand corner, it says "file for me, S", and Colonel Steele in his sworn deposition indicated that that was his handwritten notation and that's what he did when he wanted his secretary to file something for him.

It indicates in the first sentence that you had apparently met with Felix Rodriguez. It says "I have just met here with him," so I assume it was on or about that day.

A Right.

Q In numbered paragraph two it says: "Rodriguez' primary commitment to the region is in [redacted] where he wants to assist the FDN. I told him that the FDN deserved his priority." What do you recall about that sentence?

A Again, I am surprised. I had not recalled any discussion with Felix about the FDN, but I think you can see from the context that my primary concern with this guy was to keep him out of the Salvadoran game, where --

Q That would seem that you told him your primary concern was to keep him in the FDN game. "I told him that the FDN deserved his priority".

A Right. Well, that is certainly what I wrote.

Q Further down, in numbered paragraph four, you say: "I recommend that Jim Steele meet with him." Do you know if Colonel Steele ever met with him?

A I'm sure he did, but I don't recall any of this. I am obviously out of memory on a lot of this. These are, after all, the final couple of weeks of my time in the Army, and I don't remember any reports back from Jim on this guy. And I would say again that my fundamental concern was to keep Rodriguez the hell out of SOUTHCOM's business.

Q In numbered paragraph five it says: "Assuming your approval, I will send Rodriguez to [redacted] tomorrow on 15 February on one of my C-12s." Do you recall if Ambassador Pickering approved and if you sent Rodriguez on one of your planes?

A To the best of my knowledge, I believe yes, he did approve, and he did go up on one of my airplanes. The reference to Lou Rodriguez there is, of course, one of the Cubans who was in the Mil Group. And my general notion here apparently is to get him up there, let him have his meetings and then get him out of country.

Q All right. General, if this helps in any way to refresh your recollection about this cable, do you recall if when you talked to Felix Rodriguez and you talked about the FDN if he told you who gave him the mission of aiding the FDN?

A No. Again, my memory, even with this cable, is that I don't recall. I didn't associate Felix Rodriguez with the FDN, and I don't recall any discussion with him about that. He was deeply concerned as a Cuban for what Castro, what he was perceiving as Castro's operations in Latin America, and our talk went back to [redacted] and the events and all of that.

Q But would you say it's a fair reading of this cable that apparently your talk covered the FDN?

A Yeah, apparently.

Q And you don't recall whether Mr. Rodriguez told you who gave him that mission?

A No, I don't.

Q Do you recall if you ever --

A My memory is that this was a guy who appeared before me wanting to do something, and my concern was, from what I had known [redacted] that he was going to become an influence over the Salvadorans and I didn't want that to happen.

Q Do you know if you ever communicated to any of your superiors that Felix Rodriguez was there to assist the FDN [redacted]?

A No, I don't.

Q You don't believe you did, or don't recall?

A Don't recall.

Q Do you know if Colonel Steele was ever given any assignment to monitor Felix Rodriguez' activities?

A To the extent that Jim was supposed to track what he was doing [redacted] and ensure that we knew of the transactions between the two or among the three of them, yes, but that other than that, you know, my instructions to Jim were to play this guy hands off. Get him out of country.

Q Let me give you a chance to read this and ask that this be marked as the next exhibit.

(The document referred to was marked Gorman Exhibit Number 10 for identification.)

(Pause.)

This is a back channel communication that is undated but from the context and from our deposition of Colonel Steele -- and as his "file for me, S" at the top would suggest -- that it was on or about the 15th of February 1985 from Ambassador Pickering to Mr. Motley, Mr. John Stone, and to you. It indicates, apparently as a follow-on to your cable to Ambassador Pickering, that in fact he did go up and met with the Ambassador on 15 February.

And in numbered paragraph three: "Rodriguez will return in three or four weeks to work with [redacted]

[redacted] and Steele. Steele will monitor closely." As far as you know, did Colonel Steele ever get back with you and tell you of any meetings he had with Rodriguez or anything he learned in the process of monitoring Mr. Rodriguez?

A No, not to my memory. But I would take you back to Exhibit 6 and this note about Ollie here, which is dated the 19th. It suggests to me that this message hit me about the time that I am having this conversation with Ollie and that now tracks, trying to get him out of Salvador, should not perturb the process -- trying to get [redacted] Steele to accomplish all of that without having him in it. And this tactic that you are talking about here is exactly the kind of help that I didn't think we needed from anybody.

We kind of knew how to do that. And bringing in Rodriguez to try to precipitate this kind of a tactic was, in my view, at this time premature and I was trying to get Ollie to wave him off.

Q There's one other track that possibly tracks, and that is that if you look at Exhibit 6 -- and that's Colonel North's spiral-bound note of 19 February 85 -- and Exhibit 9 -- which is the cable from you of 14 February 85 to Pickering and Steele -- in Colonel North's notebook he says: FR told his priority should be FDN, and that's in his discussion with you, and in your cable to Pickering you see, "I told him that the FDN deserved his priority."

Do you think you may have told Colonel North that you indicated to Mr. Rodriguez that his priority should be the FDN?

A It's possible. But again I think I would tell you that my memory is my main interest was to keep this guy out of our hair in El Salvador.

Q Let me show you one final exhibit on this, and this is an excerpt from the testimony of Colonel North before our joint Committees on July 14. I'll have that marked as the next Exhibit.

(The document referred to was marked Gorman Exhibit Number 11 for identification.)

I ask really that you look at line 548, where Congressman Boland is questioning, and go down to line 563.

(Pause.)

A Okay.

Q Colonel North says, in response to Congressman Boland, at line 561: It is possible that I talked with General Gorman. This would be in terms of what Colonel Steele was doing to aid the resupply effort. And that's

UNCLASSIFIED

an equivocal statement.

Do you recall whether you and Colonel North ever talked about Colonel Steele's involvement with or assisting the resupply operation?

A We did not at the time I was in command have any discussions relating to resupply operations. And I have been surprised at the reports in the press of these hearings that had Jim Steele involved in an resupply operation. That really surprises me, and I did not talk to Oliver about resupply operations or Jim Steele at any time subsequent to my leaving command.

Jim arrived in El Salvador right after the elections, so it would have been in June of '84, somewhere in that time frame. I know that we had a number of discussions in El Salvador as to what it was that he was to concern himself with [redacted]

UNCLASSIFIED

[redacted]

And, you know, if Jim was in fact working on resupply it comes as a surprise and something of a shock to me. I just don't know how that came about. As far as Art Moreau's -- Art never mentioned anything to me about Jim Steele or any operations of that ilk.

Q One more question along those lines. Did Ambassador Tambs ever tell you, as he told our Committees in his publicly sworn statement, that he had been sent to Costa Rica to open a southern front?

A No. I have in my testimony, various testimony here -- and I don't recall the specific dates -- et cetera, but I have been one of the advocates of "a southern front". The point is that the bulk of the Nicaraguan refugees who have political sentients are in Costa Rica, and that if there is to be an effective resistance movement against the Sandinistas it should encompass those Nicaraguans who are in Costa Rica, and I have used the terminology "southern front" with, for example, Elliott Abrams, advocating here just a few months ago with him the establishment of a front.

But I was using the term "front" in the political sense, meaning some kind of a concerted action that would bring together all of the forms of resistance to the Sandinistas and get some kind of a political entity, an alternative to the Sandinistas, put together. I was surprised at Lew's testimony in that respect, because, as I interpreted the newspaper reports, he was talking about a military operation, and I would have regarded a military operation in the south as a remote, even more remote than the FDN thing up in the north, precisely on the grounds, again, lack of leadership, lack of training of the people.

But again, lots of Nicaraguans, porous border, a lot of possibility, it seemed to me, for political action, and that's what I was looking for.

Q Did Colonel North ever tell you that he had given Ambassador Tambs the mission of opening a southern front?

A No.

Q Did Mr. Abrams ever tell you that?

A No.

MR. SAXON: That's all I've got.

THE WITNESS: But both of those gents took issue with me on that particular point. What is this stuff you keep talking about Costa Rica? I was critical of the focus of the effort on the FDN, when I regarded the FDN as a subset of a much larger source of opposition to the Sandinistas.

BY MR. SABA: (Resuming)

Q General, continuing on that line, particularly in 1986 in your various conversations with Colonel North did he mention to you the establishment that year of a southern front?

A No.

Q Did he make you aware of the air strip that was being built in Costa Rica?

A No. [redacted] But Ollie -- I don't recall ever talking to Ollie about this.

Q How about Admiral Poindexter or Elliott Abrams on that subject?

A No. Again, now we had discussions about the importance of Costa Rica, on which I was making public statements, and Ollie in particular tried to suggest to me that the FDN was the only thing that was working, that the Costa Rican thing was a non-starter, et cetera, et cetera -- come off of that, trying to get the old General to shut up.

MR. SAXON: Joe, I do have one more. There is one more Exhibit on this point.

(The document referred to was marked Gorman Exhibit Number 12 for identification.)

(Pause.)

THE WITNESS: All right.

BY MR. SAXON: (Resuming)

Q This is from the testimony of Colonel North on July 8, 1987, and at the top Mr. Nields had been going through asking Colonel North who at various agencies of the government knew about his operations in aiding the contras. And he said, how about the Defense Department, the Southern Command? And Colonel North responds and talks about Admiral Moreau for a bit, and at line 1284 Mr. Nields says: "How about General Gorman?"

Colonel North says: "I think General Gorman had a general idea of what I was doing. General Gorman had been the predecessor to Admiral Moreau" -- it's misspelled -- "at the Pentagon. I visited with him frequently, but I don't recall with these people sitting down and saying, by the way, over the next 30 days here is what Ollie North intends to do.

"What is likely is I sat down and asked over the course of the next six months do these sound like good ideas for the Nicaraguan resistance and what is your advice on how they should carry those things out. I'm saying by inference these people came to know my role in supporting the democratic opposition in Nicaragua, both military and political, and in trying to engender support for it from the countries in the region as well as Europe."

Let me ask you a couple of questions based on that. Do you recall Colonel North ever, as he indicates here, outlining for you ideas for the Nicaraguan resistance, both political and military, and asking you whether they sounded good?

A Not in those terms. I would say it went more like this. First of all, I knew that Oliver North was in contact with the FDN. There were a number of occasions when Ollie and I were traveling together in Central American when he would leave me to go have meetings with FDN leaders. I knew those meetings were taking place. What they talked about, why he was doing that, I didn't know, and, per John Negroponte's advice, the less I knew about that, I figured, the better.

Q By the way, did these meetings take place during the period when the Boland Amendment was in effect cutting off all CIA and DOD funds?

A During the entire time that I was down there, whenever Oliver came into the region, I knew that he had meetings with the FDN, so it preceded and continued during.

Q Did you ever report any of those meetings to any of your superiors?

A Only -- no. In the form of reporting cables, no.

Q Formal or informal.

A Informal, yes, sure.

Q Who would you have told that?

A Art.

Q Admiral Moreau?

A Or Jack Vessey. Admiral Moreau or General Vessey, in the context of here's what went on in Tegucigalpa yesterday, you know, et cetera.

The second point that I would make is that Ollie was habitually given briefings on the military situation in the region, which included our appreciation of FDN and Sandinista operations.

Q Briefings by SOUTHCOM people?

A By SOUTHCOM people or by me. Usually when I would travel to a country, like Tegucigalpa, I would sit down with the Ambassador and I would go over what I knew about what was going on, and I would ask him for his perception, and Oliver sat in those meetings with us, participated in them.

There was an emerging picture of FDN

ineptitude in the face of a rapidly-improving Sandinista military capability. The Sandinistas were fielding these battalions of light infantry. Their commanders were evidencing greater confidence in their ability to handle the FDN. And there was a declining presence of FDN -- in fact, of course, toward the end of the period almost total withdrawal [redacted].

[redacted] and my concern particularly toward the end here that the Sandinistas were putting together some kind of a scheme to embarrass the American administration or trying to embarrass American policy.

That latter concern rested on reports which we were getting through our sources of attempts to stage a border incident involving Americans, of arrival in Nicaragua of additional equipment from the Soviet Union right up before the elections in 1984. Just before the elections in October, about the time the Boland Amendment went into effect, Hind helicopters arrived in Nicaragua and there was a lot of very mysterious goings and comings in the northwestern corner of Nicaragua.

It could have been related to infiltration into El Salvador but might have been tied, we thought, to this attempt to stage an incident. And I know that it is this kind of thing that I would have been talking to the Ambassadors. Oliver certainly sat in these meetings, but I think he's right. He never asked me what should the FDN be doing about that or --

Q Well, he doesn't say that. He said that he would say to you what is your advice on how they should carry those things out.

A No, I don't recall conversations like that. Let me back off a little. I was certainly clear with Oliver that I didn't think the FDN had their act together. I didn't think they understood military strategy, tactics or how to run a guerrilla war. I didn't think they had a logistics apparatus worth a damn. Our briefings made that clear.

I mean, I ran critiques of FDN military operations, but I never went to the other side of the thing to figure what is it that you do to straighten that out. I was not in that game. I was, if you will, a quality assurance mechanism for the U.S. Government and I was trying to service John Negroponte, Tom Pickering, Oliver North, Bill Casey and anybody else who would ask me about such matters.

Q Colonel North says in a general way his understanding that you would have been aware of his efforts to "engender support for it", meaning the Nicaraguan resistance, "from countries in the region as well as in Europe."

Were you aware that he was engaged in the process of trying to raise money for the contras?

A No.

Q Were you aware that there were any efforts that he was involved or generating to solicit third countries for funds for the contras?

A No, sir.

Q Do you have any idea what he would have in mind there when he says that?

[redacted]

And the whole idea was to raise the awareness of the Europeans of the importance of the struggle for democracy in Central America, and in particular to call to the Socialist parties of Europe the fact that a principal support for the Nicaraguan guerrillas -- I'm sorry, the Salvadoran guerrillas was funds from those Socialist parties. It was the European left that was the principal support for the guerrillas in El Salvador.

It was also clear that if there was going to be any kind of coalescing of political sentiment in favor of the survival of democracy in places like Honduras or Costa Rica that there had to be a shift in the awareness of the European governments, and so I could believe, you know, that yes, I did talk to Oliver a lot about that kind of an undertaking. But the idea of dunning those governments for money for the FDN we did not discuss. I just don't remember anything like that.

BY MR. SABA: (Resuming)

Q General, do you know a gentleman by the name of a British citizen, David Walker?

A I've heard the name. He's an SAS type?

Q Yes, sir.

A He sells services to people who are concerned about their security, like Peruvian businessmen.

Q Are you aware of his activities in Central America?

A Only sort of on that level. Let's see. What do I know about him?

Q Specifically, do you know of his involvement in respect to an action in Nicaragua?

A No, nothing like that, no. I see him or my memory is that he was sort of in the business of showing companies how to protect their executives in Central America -- that kind of business.

Q Did Colonel North ever have occasion to mention him to you?

A Not that I can recall. I don't ever recall talking to Ollie about anything related remotely to his stuff. I have him mainly in the Peruvian context. That's where I remember hearing the name, down in Lima.

Q Do you recall intelligence information about his activities apart from Lima in Nicaragua?

A No, I do not.

Q General, I'd like to show you some other documents so I can get through some of these notes and move on. This is an Oliver North note of January 24, 1985.

(The document referred to was marked Gorman Exhibit Number 13 for identification.)

(Pause.)

A Okay.

Q I am referring in particular to the bullet in the middle, which is a call from yourself and there are three points on that and I want to know if you can give us your reaction to those three points.

A Let me be sure I am reading it right. It says: Briefed JCS on the Duarte barrier, and then I don't get the first word of the next sentence. What does that say?

Q It looks to me like Bush or Bud.

A Bud needs to bring -- okay. So it's Bud McFarlane needs to bring these ideas to bear. Supervening layer, OSD. Okay. Tom Pickering and I had a meeting with the President, referring to Duarte, in San Salvador in which we were trying to urge Duarte to get on with the implementation of the national plan, which included specifically [redacted] and otherwise getting on with the security plans -- making the point that most of our difficulties rested on the restoration of civil government in these countries.

It didn't make any sense to have a village militia if there wasn't anybody in charge in the village. In short, our concern was that the military side of the apparatus was getting out ahead of civil government and we were trying to urge on Duarte the notion that he had to move promptly to restore public administration in the conflicted areas of the country -- appoint mayors or have elections for mayors or whatever the local ordinances provided -- so that there was a civil authority to which these military mechanisms could be responsive.

Duarte responded that his was a country that was being invaded by Nicaragua and that what he required in order to bring this kind of public administration into existence was the creation of a barrier that could insulate or isolate El Salvador from external influences.

And he talked about the permeability of his beaches and how every night there were people coming and going into his country and that as long as this was the case no village leader could be safe. And he called upon the United States. He said, you know, what you've got to do is to help us build a shield for democracy, and he had a copy of the Spanish language version of the Kissinger Commission report on his desk, and he pounded this and he says you talk about a shield. He says, more than a shield, you've got to give me a barrier.

So this is in the context of my meeting with the JCS over at the Pentagon talking about the conversation with the President.

Q Why would you have called Colonel North to brief him on that matter?

A I think the second point explains that. What I was trying to do is to communicate to Ollie and to Bud the fact that Duarte was talking in terms of barriers, and I thought that it would be very useful on a White House to Duarte business to get him into the public domain with these items.

Q Did Duarte mention [redacted]

A No, sir, he did not. [redacted] I think he was concerned with the movement of guerrillas to and from their headquarters in Managua.

Q Was there any discussion [redacted]

A No, sir, nothing like that -- absolutely nothing. The entry on supervening layer I just don't know. I don't recall what that refers to. My interest in alerting Oliver and Bud to this was, of course, exactly that Bud and Oliver had just been down to the region. Bud had had a meeting with Duarte. Bud had made a point to the President that he needed to say publicly what he was saying in private, so that we would be able to explain to our people, to our Congress, what it was that we were trying to do on his behalf.

And I think that's the reference to all of this. I was trying to get this statement of Duarte's, which was, you know, fairly dramatic and it fitted with the Kissinger plan for the region, and I suppose the supervening layer was to ensure that Bud got the Secretary of Defense aboard.

Q The next exhibit is a note from 12 November, actually two pages. There are two pages on that exhibit.

(The document referred to was marked Gorman Exhibit Number 14 for identification.)

In order to assist you, the full Boland restriction had just come into effect in October of '84.

(Pause.)

A I'm having trouble reading this. Delay in arrival of goods; please tell -- what's that word, Chin?

Q I don't know.

A That looks good. Looking to travel following his proposal at appropriate time. I don't know what the arrival of goods refers to. We were talking. I was up in Washington and we were talking about Bud's wanting to go down to the region to make a swing through the several countries.

The idea was that the elections were now behind us. It was clear that President Reagan was going to remain in office and that it would be important that a personal representative of the President come down to visit each of the heads of state and assure them of constancy in American policy and conceivably to reenergize them.

[redacted] I think that's what the reference is. The number [redacted] is, of course, over at the Pentagon.

I don't know what the next line is. Oh. Yeah. Apartment Q. That's over at Ft. Myer. That's where I was staying. That's what that is.

Q In reference to the delay in the arrival of goods, was there any discussion at this point about a resupply effort in view of the full Boland restrictions? It must have been a matter of considerable concern at the time.

A Well, but again I just didn't have anything do with that business in any event. Delay in arrival of goods. I don't know what that refers to. But the answer to your question is, no, there was no discussion of the Boland Amendment or the impact.

Q Earlier that month did you provide any information, whether to North or possibly to the resistance, as to the locations of helicopters in Nicaragua?

A Let me see if I can recall this for you in this fashion. Early in October we got information that the Soviets were going to ship Hind helicopters to Nicaragua. We found this to be a strange move in the context of an upcoming American election in which American policy in Central America was an issue for the Soviets in effect to play into our hands by moving large amounts of military gear, particularly something like an armored helicopter -- seemed to us indicative that whatever it was they were up to that they intended to impact the elections, and that they were operating under the misapprehension that strengthening the Sandinistas would have an influence beneficial to them.

Well, the helicopters came and at the same time, as I indicated earlier, we began to receive reports [redacted] about attacks on Americans, again sort of in the context of the elections.

The third set of reports that began to arrive related to helicopter activity in northwestern Nicaragua.

[redacted] there was a whole series of reports back and forth.

I was on the phone frequently with Art Moreau about that particular development. We were concerned that there was some kind of a scheme under way to hit, for example, [redacted]

And I know that I provided to the Chairman virtually daily updates on all of that and I asked that the Chairman keep the Secretary and the White House well informed because I saw in all of this, of course, a major danger to U. S. servicemen down there, possible political issue of which the White House should be kept informed, and a serious problem for Suazo if in fact this turned out to be a Nicaraguan strike into Honduras, with the prospect that the Hondurans would respond with an air attack in Nicaragua and then the whole unravelling of the situation there that would follow.

That was sort of the strategic context to all of this. Now did I brief Oliver North on helicopters? I'm confident I did. I mean, that's sort of what we were all talking about at the time. Did I brief Oliver North about helicopters so that he could tell the FDN? No, sir, I didn't do that. I would not have regarded the FDN as an instrument capable of doing anything about Hind helicopters then or now.

Q Are you familiar with end user certificates that may have been issued by [redacted] with respect to arms shipped into Central America?

A [redacted]

MR. KREUZER: It's [redacted] who was [redacted] His name is [redacted]

BY MR. SABA: (Resuming)

Q Let me show you a collection of documents. It's a collection of end user certificates. They've been used in the depositions. We will just enter them here as one exhibit. I ask you if you have ever seen these, if you have any knowledge about them.

(The document referred to was marked Gorman Exhibit Number 15 for identification.)

(Pause.)

A No, sir, I have not seen these before.

Q Do you have any knowledge about those certificates?

A No, sir, I don't. LAW rockets, 3,000 LAW rockets? Wow. Nope.

Q Did [redacted] provide you with any information about how those were obtained?

A Well, I don't have any memory of the whole thing.

Q Perhaps I can help. Was it suggested that there was an intermediary in obtaining those, an intermediary [redacted] who also kept in close contact with [redacted]

A Well, if I was briefed on anything like this, it sure as hell has slipped my mind. I mean, I just don't have any memory of any of this. So these are arms from [redacted]?

Q It is true in the sense of the country of origin and the country of destination; however, the certificates were used for other purposes. But the information we obtained in connection with how they were obtained came from [redacted]

A I'm sorry. I can't help you on that one.

MR. SABA: I'd like to take a break for a moment.

(A brief recess was taken.)

BY MR. SAXON: (Resuming)

Q General, let me give you one more document and have you take a look at it and ask that this be marked as the next exhibit. I'll give you a moment to read that.

(The document referred to was marked Gorman Exhibit Number 16 for identification.)

(Pause.)

A All right, sir.

Q Let me indicate for the record this is a memorandum from Colonel North to Robert C. McFarlane dated November 7, 1984, and that's the period in which Mr. McFarlane would have still been National Security Advisor. He puts together a chronology on a number of events and under the entry of Monday, November 5, he says: "Calero called from Miami using appropriate one-time pad expressing grave concern about delivery of Hind-D helicopters at El Bluff." A little further down it says that "Calero indicated he was undertaking plans to take out the Hinds and asked that he be given all possible information on the location of the helicopters. I told him I would try to get the information to him."

He indicates in the next paragraph that he apparently called you and asked you for all the information you had on the location of the Hind-Ds.

The first question: When Colonel North called you, did he indicate why he wanted this information?

A No. But, as I indicated in my previous remarks, there had been a series of communications throughout the month of October about the arrival of these Hinds and I wouldn't recall the specific of this particular transaction. But I would say that it wouldn't have surprised me.

Here we are on the eve of the elections. An update for the White House on where the Russian gear, it seems to me, wouldn't have struck me as unusual. But I don't recall certainly any mention. You know, I'm very clear in my memory that they never called me and mentioned that Calero had asked and would you tell Calero. No, nothing like that.

Q Did he ever tell you that Calero had called and would you tell him, Colonel North, so that he could tell Calero?

A No, sir.

Q If you would look at page two, the second full paragraph, it says: "Calero and I met privately mid-afternoon. During the meeting, Calero advised me that he had undertaken a plan to 'borrow' a [redacted] T-33 which would be used to strike the location where the Hinds were being assembled."

Let me ask you, General, if Colonel North ever asked you in any way to facilitate the effort of the Calero FDN effort to borrow [redacted] aircraft?

A No. And I can assure you that if this plan had been broached to me I would have vehemently opposed it. That's exactly the kind of dumb move that could have precipitated war in the region.

MR. SABA: Did [redacted] discuss this with you or anyone from the Agency?

THE WITNESS: No.

BY MR. SAXON: (Resuming)

Q Let me ask you to look at the top of page three, and while I understand your answer, apparently Mr. [redacted] didn't quite go that far in his concern. It says: "During this discussion I apprised [redacted] of Calero's plan to borrow a [redacted] T-33 for an attack on the Hinds. [redacted] agreed with me that this was a high risk operation but there did not seem to be any real alternative if the FDN were to survive."

I take it from your testimony, General Gorman, that this never was brought to your attention.

A No, sir. That's the kind of thing that would have gotten me on the phone to the Chairman right away.

I would have opposed that with all that I could bring to bear. You know, T-33s only exist in a few places down there, and the notion that you can paint a different sig on it or anything like that is absolutely nonsense.

Q Then again on page three, the second full paragraph, it indicates that on November 7, it says: "General Paul Gorman called at 1200 to relay new information on collection for MIGs and Hind aircraft." In that conversation did he indicate to you why he wanted that information?

A No, sir. Let me clarify the references here. [redacted] the problem in hand was, of course, that the United States, back when Judge Clark was the National Security Advisor, had issued a stern warning to the Sandinistas and the Soviets that we would not tolerate the presence of MIG fighter aircraft, advanced fighter aircraft, in Central America.

The Hind did not, in the view of the Administration, trigger the earlier warning, but the arrival of the MIGs was a very serious proposition, [redacted]

[redacted]

BY MR. SABA: (Resuming)

Q You would have gotten [redacted]

A Yes. And what this is all about is that effort. [redacted] This report by Art Moreau [redacted] is related to my earlier call. Typically, incidentally, North would call me. I would promptly call Art Moreau or, if Art Moreau had a transaction with North, he would call me and let me know what was going on.

This was sort of a very tense and anxious time for us all. We didn't know what the Soviets were up to.

Q But the primary reason for telling North was to keep the White House National Security Advisor informed?

A Right.

Q Not because they expected you to take any operations?

A Right. No. The whole idea was to keep McFarlane abreast of what was going on.

Q So you provided them with sort of general information?

A Well, he had specifically asked us for information. He asked about the Hinds. I'm confident we talked about the MIGs. This earlier note --

Q Do you remember if North asked for anything very specific or if you gave him something specific?

A I'd be sure that when I talked with him I told him [redacted]

MR. SAXON: Did you ask him why he wanted to know this?

THE WITNESS: No. I didn't think it needed explanation. You know, the Nicaraguans, Ortega had been making statements about arming the people, that the gringos are coming, the Cubans went on alert, the Cuban army and air force mobilized. We were in a very tense situation.

BY MR. SABA: (Resuming)

Q General Gorman, let me show you, in connection with this, three pages from Ollie's little notebook here. I'm referring here to entries for the 6th of November and the 8th of November, and the entry at the top of the page for the 6th also includes an entry for the 7th. I think you can see a certain succession here, and I think we can have these three pages put together as one exhibit of three pages.

(The document referred to was marked Gorman Exhibit Number 17 for identification.)

Look at the entries for 6, 7 and 8 November, the same period as Mr. Saxon's exhibit.

(Pause.)

A The 6th of November, which is election day, 2130, the entry says[redacted] I don't know what's that word, but I think it says -- I just don't know.

[redacted]

MR. KREUZER: I think it's[redacted]

THE WITNESS: Yes, that make sense.[redacted]

[redacted]

And again this was all in the context of keeping McFarlane abreast of what was developing in the region. I wanted him to know that we had done that.

BY MR. SABA: (Resuming)

Q If you notice, the next entry he literally hangs up the phone with you, apparently at 2200, half an hour after he's had this conversation with you is having a conversation with Adolfo. I think we can presume that's Adolfo Calero.

Did he tell you in the 2130 phone call that he was passing this information on to Calero?

A No, sir. He did not.

Q I think you move on and you will see what happens again. The first thing in the morning the next day he gets a call from Calero sending a pilot to [redacted] T-33 preparing to attack.

MR. SAXON: Except that 0950 would not be the first thing in the morning for Colonel North.

BY MR. SABA: (Resuming)

Q No, I suppose it wouldn't be for Colonel North.

A Okay. Here's a call from Colonel Krause, is that, from SOUTHCOM. All right. [redacted] And I suspect that I told Krause to call the JCS and the White House to keep them abreast of the situation.

Q Moving on to the 8th of November, the entry for 1400 hours.

A Okay. [redacted]

COLONEL WALLACE: Did you say 1400?

THE WITNESS: 1610.

BY MR. SABA: (Resuming)

Q I'm sorry. There's another page. 1400, call from J-2, US/SOUTHCOM, Major Wisner. Who is Major Wisner?

A I don't recall. He would have been an intelligence officer in SOUTHCOM.

[redacted]

Q Would you have understood that Major Wisner would have had an order or instruction to keep Colonel North informed of these matters closely?

A Oh, yeah. Yes. Again, to go back to this earlier business, we were concerned that it was the Hinds that were involved in these flights into Honduras. We were concerned that somehow or other -- let me go back again to fill you in on the thing.

The reason for the sensitivity of where the Hinds were was exactly because there are no Nicaraguans at this point in time flying Hinds. All of these Hinds are operated by Cubans [redacted] And, therefore, if the Hinds were operating up in Honduras that was a major escalation in the whole business. We had not seen a Cuban hand being played that boldly.

Q The last entry I'm interested in is at 1610, which is a call from Wisner [redacted]

A [redacted] I can see what you have constructed here. It looks as though somehow or other SOUTHCOM is conniving with Ollie North to run an air strike [redacted] Not so, fellows.

Q With a little help from [redacted]

A [redacted] and a few other people. No, sir. It didn't happen like that.

Q Your testimony is that you were unaware of the T-33 option referenced in Colonel North's memo?

A Yes, sir.

Q And just so we have a clear record, is it your testimony that the information being provided to Colonel North on the 6th, 7th and 8th of November, '84, was being provided for NSC information and not for transmission to any other party?

A Yeah, sure, absolutely.

MR. SAXON: If you give me a moment to go through some notes, General, we're trying to shorten things.

BY MR. SABA: (Resuming)

Q I have just one or two short ones. General, did you have any contact in 1984 or 1985 with General Singlaub?

A Only one. Singlaub was a member of a group that Fred Ikle put together, a group of consultants, to discuss the conduct of the military campaign in Salvador.

MR. SAXON: Just to devise counterterrorism/counterinsurgency policies?

THE WITNESS: Counterinsurgency policies, to tell the ESAF, the Salvadoran armed forces, how to run the war.

BY MR. SABA: (Resuming)

Q Did, at any time, you become aware of the fact that General Singlaub was procuring arms for anti-Nicaraguan resistance forces?

A I had a breakfast with John Singlaub late '85 in which he told me, he described to me his collecting funds for the Nicaraguan resistance. He spoke of his making speeches and he told me he had an organization in New Mexico and he asked me to help in this. And I told him I couldn't do that.

MR. SAXON: When you were having those conversations with Colonel North about various and sundry things did he ever tell you, particularly in early '85, that General Singlaub was raising money [redacted]

THE WITNESS: No, sir.

BY MR. SABA: (Resuming)

Q Did you know that at the time?

A No. No, sir. In fact, I was surprised when all of this broke that it had gotten as far as it had. In 1985, early '85, I didn't know that that was going on. And I would say that I didn't much appreciate having General Singlaub brought to bear on my undertakings in

UNCLASSIFIED

1984, and I think Oliver North knew the tension between us.

[redacted]

UNCLASSIFIED

Page 103
DENIED IN
TOTAL

UNCLASSIFIED

[redacted]

MR. SABA: I have no further questions.

MR. SAXON: I just have one or two, General.

BY MR. SAXON: (Resuming)

Q First, for the record, when you were SOUTHCOM commander to whom did you report?

A Chairman of the Joint Chiefs.

Q Anyone else? I mean, it was directly to the

UNCLASSIFIED

Chairman?

A Right. I'm sure you know that at the time the law subordinated me to the Secretary of Defense, and it had some phraseology "through the Chairman of the Joint Chiefs of Staff". Jack Vessey and I and Cap Weinberger interpreted that that I would keep the Chairman apprised. The Chairman met daily with the Secretary and he would keep the Secretary apprised. I did write to the Secretary directly once per quarter. It was sort of major issues. But I sent a copy of that communication to the Chairman.

Q And would the Chairman of the Joint Chiefs have been your rating officer?

A Oh, yes.

Q In terms of the general knowledge you had that Colonel North was meeting with contra leaders, that he more or less was the point of contact or point of intersection for anything that was going on in aiding the contras, any discussions you might have had with Felix Rodriguez about the FDN, anything along those lines, did you ever report any of those things to your superiors?

A Let me take the Felix Rodriguez issue because I really botched that one for you. I can assure you that at the time Felix Rodriguez was an irritant and nothing more than that. I saw this guy as one more baleful influence on the progress of our military undertakings in El Salvador, and I just wanted him out of there. I don't know whether I talked to General Vessey about that.

It's probably not the kind of thing that I would have raised with the Chairman, but I would be sure that I talked with Art Moreau because of my communications to North about it. I generally kept Moreau abreast of anything that I passed on to North.

The second point that I would make is that neither of us, neither Art nor I, saw Ollie as anything more than a go-between with McFarlane. I mean, he traveled for McFarlane. He traveled with McFarlane. I saw him as an effective operator for Bud and treated him in that fashion. Bud should know, Ollie, et cetera.

So it's kind of a long answer to a short question. The way this thing has come out it really does distort reality as I saw it at the time. Here's a Major in the National Security Council who's carrying the spear for the National Security Advisor, and he's been told off to keep the NSC Advisor, National Security Advisor, aware of what was going on in Central America, and we were trying to do that.

Q Did Colonel North ever mention his relationship to Director Casey in any conversation with you?

A No. Well, when you say his relationship --

Q Did he ever say anything that would indicate to you he had a relationship with Director Casey that would be in any way atypical for a Marine Lieutenant Colonel to have with the Director of Central Intelligence?

A That Oliver talked frequently with Bill Casey I certainly knew. I don't think that it ever struck me as surprising. Again, I would have taken it as quite natural that somebody working the problem for Bud McFarlane would also be talking to Bill Casey much as he talked to me or to Art Moreau. That was his job, the interagency coordination.

Q But North wasn't talking to Secretary Weinberger or General Vessey; he was talking to you or Admiral Moreau. Wouldn't it seem more logical he would be talking to the Deputy Director or the DDO?

A I don't know. I can't comment. I do know this, that Bill Casey has an office right down the hall from Ollie North. Jack Vessey doesn't, nor does Cap Weinberger. Bill Casey is in and around the White House a hell of a lot more than any of those other people, and Bill, frankly, was a different animal from those other birds.

Bill Casey [redacted] and always took the time and trouble to come talk with me.

He had almost a paternal relationship with people in the field, very different from some of the other guys in government. And he was intensely interested in what was going on in Central America and he had a kind of a mind that, you know, would go after a lot of details. So transactions with Casey were always interesting. You know, you didn't pass the time of day with Bill Casey. He was always working some problem or other.

Up until the time that I left office, I don't recall fixing on any particular "relationship". In other words, I wouldn't have identified that as being an important part of my awareness of who Ollie was or what he was doing. I'm quite certain that we never tried to use Ollie as a conduit to Bill, or can I ever recall talking to Ollie about a matter that I regarded as CIA business, because I had my own channels for addressing those.

Q Two final questions. One, during your tenure as SOUTHCOM commander were you aware of any effort, intended effort or any effort that actually came off, to divert U.S. materiel or equipment that was intended for one purpose, such as security assistance or aiding our troops, to the contras?

A No, sir, I'm not.

Q The second question: Are you aware while you were SOUTHCOM commander of any effort on our part to condition our provision of security assistance on the recipient country's aiding the contras?

A No, absolutely not. And I would be pretty sure that if that sort of thing had been going on by any other agency of government I would have heard from the recipient countries, because I certainly had plenty of opportunity [redacted]

MR. SAXON: General, I have nothing further.

MR. SABA: General, on behalf of the House Select Committee, we thank you very much for your time. We appreciate your coming here for this questioning.

THE WITNESS: Okay.

(Whereupon, at 12:47 p.m., the taking of the instant deposition ceased.)

____
Signature of the Witness

Subscribed and Sworn to before me this __________ day of ______________________________, 1987.

____
Notary Public

My Commission expires: ______________________________

UNCLASSIFIED

CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

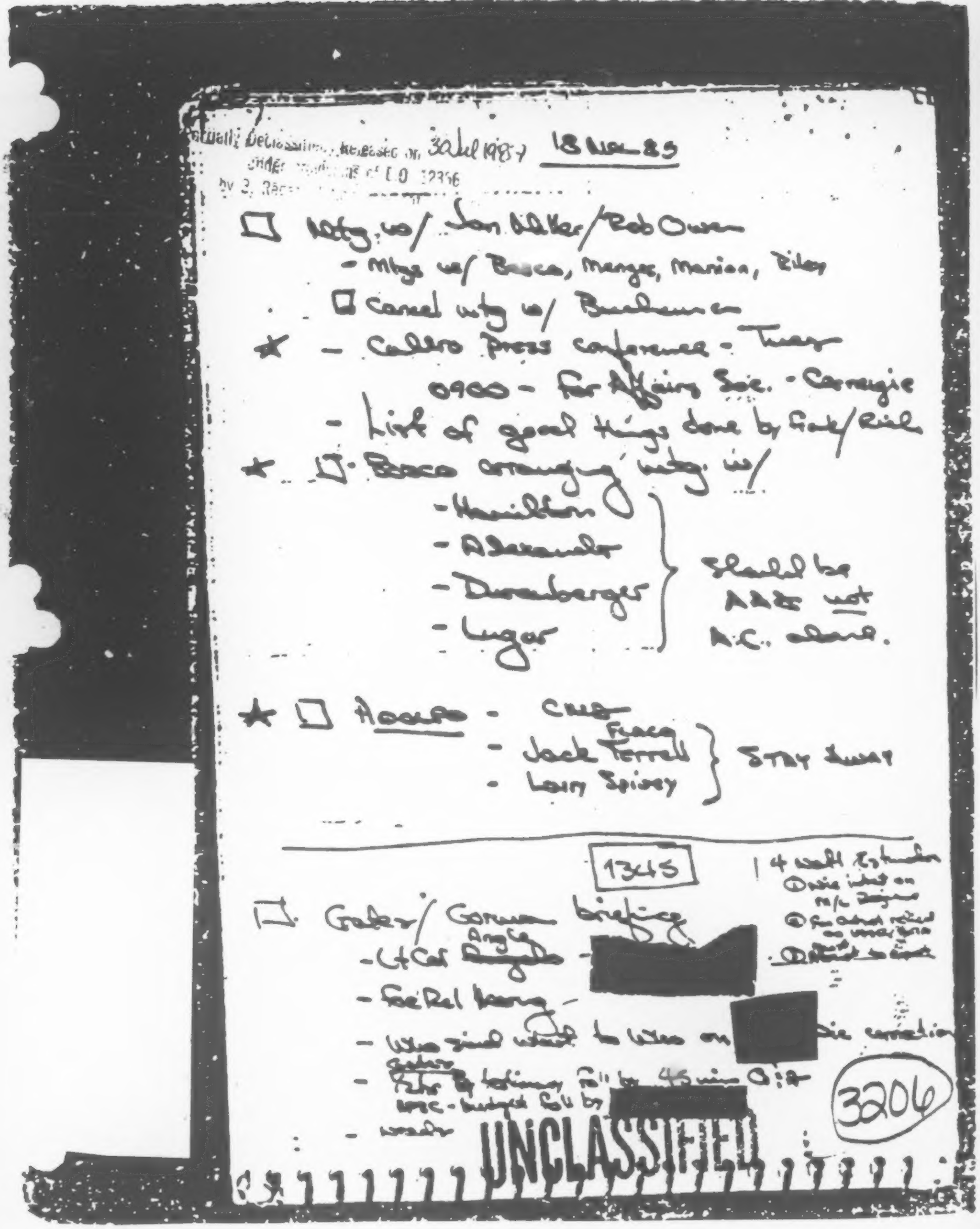
Michal Ann Schafer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

UNCLASSIFIED 18MAR85



Partially Declassified/Released on 30 Jul 1987 under provisions of E.O. 12356 by B. [illegible]

18 Mar 85

☐ Mtg w/ Jon Miller/Rob Owen
- Mtgs w/ Bosco, Menges, Marion, Riley

☐ Cancel mtg w/ Buchanan

★ - Calero press conference - Tues 0900 - For Affairs Soc. - Carnegie
- List of good things done by [illegible]

★ ☐ Bosco arranging mtg w/
- Hamilton
- Alexander
- Durenberger
- Lugar

} Should be AAE not A.C. alone.

★ ☐ Avoid - CMA
- Jack Terrell (Flaco)
- Larry Spivey

} Stay away

1345

☐ Gates/ George briefing
- LtCol Angle - [redacted]
- For Rel hearing -
- Who said what to whom on [redacted] pic connection
- Gates testimony foll by 45 min Q&A
- HPSC - budget foll by [redacted]
- wrap up

14 [illegible]
① [illegible]
② [illegible]
③ [illegible]

3206

UNCLASSIFIED 15 MAR 85

15 Mar

Partially ... on 30 Jul 1987 ... s of E.O. 12356 ... National Security Council ... by B. Reger

☐ Moreau
- Chairman: Sec for LSG
- 3d Country: "We don't intend that our money be used for refugees Use it"

☐ Call from Nag Hunt
- Flaco said that there were two mtgs re FunCts - one to
- C-47 will land in [redacted] to P/U all Americans.
- Said that Americans would not leave and would resist w/ force.
- Need to make persuasive argument that American presence will hurt our case w/ [redacted] and in Congress.

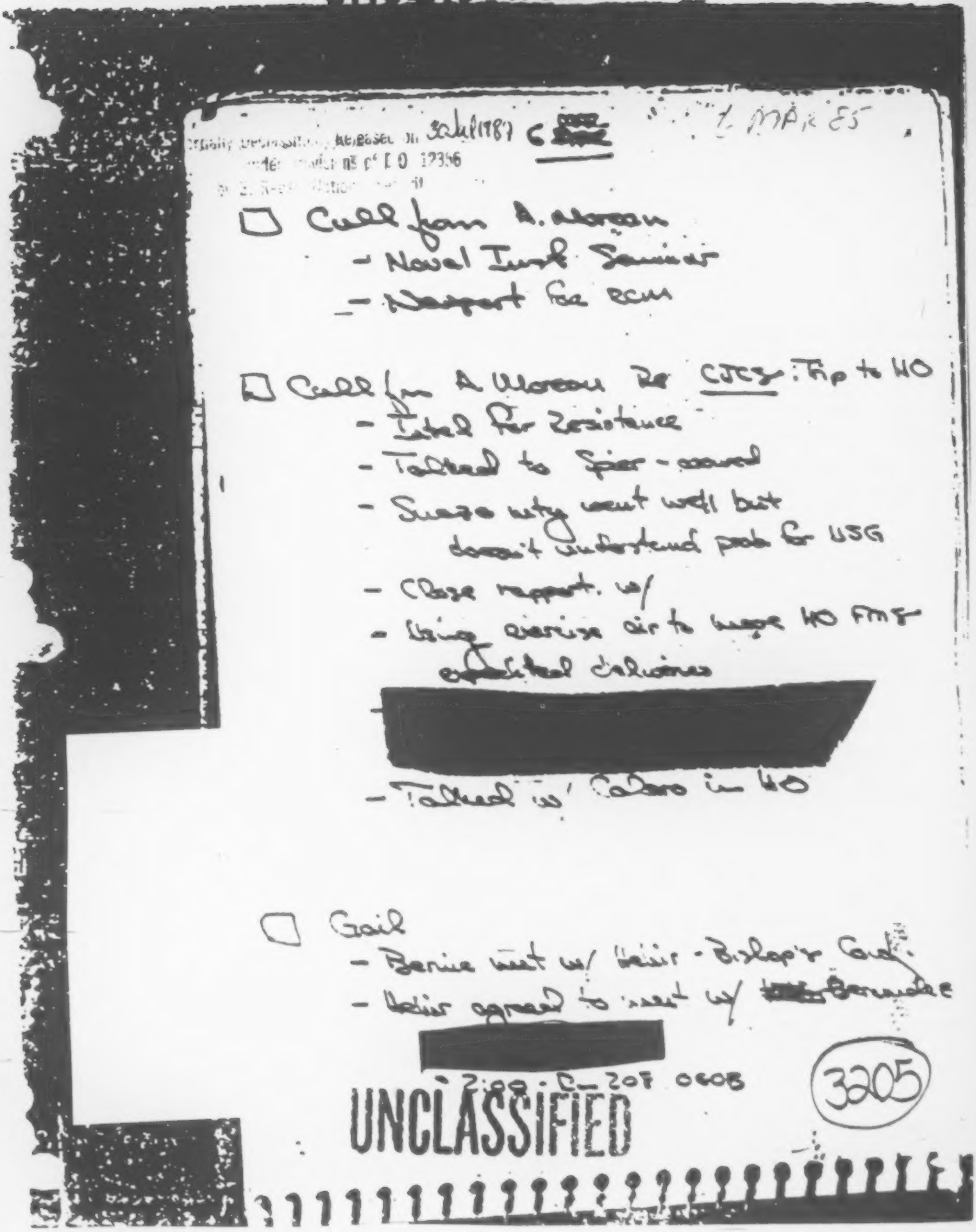
3173

☐ Mtg w/ J. Singlaub
- Aplicano took JS to Danli via helo
- 3 missions
  - Preserve force
  - Base camp clea [redacted]
  - [illegible] Base

UNCLASSIFIED

82-710 C934

UNCLASSIFIED



Partially Declassified/Released on 3 Jul 1987 C [redacted]
under provisions of E.O. 12356
by [illegible]

1 MAR 85

☐ Call from A. Moreau
- Naval Intel Seminar
- Newport for RCM

☐ Call fm A Moreau Re CJCS: Trip to HO
- Intel for Resistance
- Talked to Spier - concurred
- Suazo mtg went well but
  doesn't understand prob for USG
- Close rapport. w/
- Using exercise air to support HO FMS
  expedited deliveries
- [redacted]
- Talked w/ Calero in HO

☐ Gail
- Bernie met w/ Weir - Bishop's Conf.
- Weir agreed to meet w/ ~~[illegible]~~ Bermudez

[redacted]

- 2:00 - C - 207 0608

3205

UNCLASSIFIED

4 MAR 85

Declassified ... under provisions of E.O. 12356 by ... National Security Council 6 Aug 1987

4 Mar 85

RCM Mtg: Contd

- Plan includes: $25-50M
  - · 3d country support
  - · CIA Intel
  - center the activity in W.H.
  - Paul Gorman to join

Themes:

McColm - Need list of swing voters.
- need to get marginals to region

RCM - trips during recess.

Liv. - Collateral issues - release intel/drug trade, etc.

- CRUZ - needs to be able to speak on bill.
- [illegible] - wants to be a single party line on issues
- Positive Indicators:
  - = Poll by U.S.A. Today
  - Bermudez

[illegible] - Boland Amendment expired.
- Can gov. of Fla help. Fascell scared

RCM - need to have input on who are targets.

UNCLASSIFIED

1751

1 FEB 85

GORMAN Ex #5

UNCLASSIFIED

2 pages

DTD 2/4/85

DENIED IN

TOTAL

5309

UNCLASSIFIED 19 Feb 85

19 Feb 85

Partially Declassified/Released on 30 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

F.R.-
may b
↙
"tran
from
Cp

☐ widow of [redacted] assist. in
for

30 days

detained Houston Immigration

[redacted]

4 YR OLD

Flt #67 Denver Arr 1300

[redacted]

(3172)

☐ Disc. w/ Gen Gorman

- F.R. told his priority shd be FDN
- Told him in delicate stage of Transition [redacted] to SouthCom run Op
- Should not perturb process - could not become public [redacted]

NCLASSIFIED

UNCLASSIFIED

1 Feb 85

Gorman
Ex. #7
7/22/87 mas

U.S. MILITARY GROUP EL SALVADOR
APO MIAMI 34023 1 FEB 85

SUBJECT: Felix Rodriguez

THRU: DCM
TO: AMB PICKERING

Per your guidance, attached is a draft backchannel to Gen Gorman on our "no pay" mercenary.

Steele
STEELE

Partially Declassified/Released on 31 Oct 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5310

UNCLASSIFIED

CONFIDENTIAL

TO SSO PANAMA

CONFIDENTIAL

SSO PANAMA PASS TO GENERAL GORMAN FROM AMB PICKERING

PERSONAL FOR GEN GORMAN FROM AMB PICKERING

1. (C) DURING BLANDON'S OFFICIAL VISIT TO THE U.S. DURING THE PERIOD 22-27 JANUARY 1985, HE EFFECTED LIAISON WITH A MR FELIX RODRIGUEZ, WHO I AM TOLD HAS EXTENSIVE EXPERIENCE IN LATIN AMERICAN [redacted]

2. (C) AS A RESULT OF THE MEETING, BLANDON EXTENDED AN INVITATION FOR MR RODRIGUEZ TO WORK FOR THE GOES (ON A NO SALARY BASIS) WHEREBY MR RODRIGUEZ WOULD CONCEIVABLY BE EMPLOYED INDEPENDENTLY TO TRAIN, ADVISE, AND EVEN ACCOMPANY SPECIAL SALVADORAN UNITS INTO COMBAT. [redacted]

3. MR RODRIGUEZ HAS HIGH LEVEL CONTACTS AT THE WHITE HOUSE, DOS AND DOD, SOME OF WHOM ARE STRONGLY SUPPORTING HIS USE IN EL SALVADOR.

4. IT IS MY CONSIDERED OPINION THAT IT WOULD BE IN OUR BEST INTERESTS THAT MR RODRIGUEZ CONFER WITH YOU PERSONALLY PRIOR TO HIS COMING TO EL SALVADOR. I HAVE SOME OBVIOUS CONCERNS ABOUT THIS ARRANGEMENT AND WOULD LIKE YOUR VIEWS. I BELIEVE A MEETING WITH YOU WOULD SERVE TO CLARIFY OUR APPROACH IN EL SALVADOR AND WOULD ALSO PROVIDE YOU WITH SOME INSIGHT INTO HIS PROPOSED METHODS OF OPERATION. I WOULD APPRECIATE ANY USEFUL INFORMATION BE PASSED TO ME SO THAT I COULD BE READY TO SUPPORT OR DISCOURAGE HIS EMPLOYMENT BY THE GOES.

Department of State 12 Feb 85 TELEGRAM

UNCLASSIFIED

3001

I002

PAGE 01 SAN SA 01792
ACTION INRO-00

INFO LOG-01 ADS-00 CCO-
------------------055425 120302Z /38

R 120259Z FEB 85
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 2842

FILE COPY

SPECIAL HANDLING

CONFIDENTIAL SAN SALVADOR 01792

[redacted]

FOR ARA CRAIG JOHNSTONE FROM PICKERING

E.O. 12356: DECL: OADR
TAGS: MOPS, PINR, ES
SUBJ: FELIX RODRIGUEZ

S 4486

ARA
OD
P

REF: SAN SALVADOR 1462

1. C - ENTIRE TEXT.

2. THE FOLLOWING MESSAGE WAS RECEIVED BY AMB PICKERING FROM GENERAL GORMAN ON FEBRUARY 8.

3. BEGIN TEXT:

SUBJECT HAS BEEN PUT INTO PLAY BY OLLIE NORTH, AND, WHILE WELL ACQUAINTED, DOES NOT HAVE HIGHER BACKING. OLLIE ASSURES ME THAT HE WILL PASS WORD TO RODRIGUEZ TO GET IN TOUCH WITH ME BEFORE HE GOES ANY FURTHER.

I WILL ARRANGE TO HAVE RODRIGUEZ COME TO SOUTHCOM FOR DISCUSSIONS. WE CAN THEN DECIDE WHETHER IT WILL ALSO BE USEFUL FOR HIM TO INSPECT ESAF OPERATIONS; POSSIBLY WE ALL MIGHT LEARN SOMETHING FROM HIM. BUT OLLIE ASSURES ME THAT HIS INTENT WAS TO FOCUS RODRIGUEZ ON FORCES OPERATING ELSEWHERE IN CENTAM, AND THAT NOTHING MORE THAN CONSULTING WITH [redacted] WAS CONTEMPLATED. I STRESSED OUR CONCERN OVER [redacted] AND THE PENDING TRANSFER OF PRAL FROM [redacted] TO MILGP, OPINING THAT WE REALLY HAD ENOUGH ADVICE FOR THE ESAF ON THE NET AT THE MOMENT. OLLIE ROGERED, AND SAID THAT RODRIGUEZ CAN BE MUCH MORE USEFUL IN OTHER PLACES, WHERE AID AND ADVICE IS MUCH SCARCER.

WILL KEEP YOU INFORMED.

END TEXT.

PICKERING

Partially [illegible] on 30 Jul 1987
[illegible] of E.O. 12356
[illegible] Security Council

UNCLASSIFIED

3170

UNCLASSIFIED

14 Feb '85

(3) File 14 Feb 85 From me S

Z[illegible]637EIB294
OO YEKRAL
DE YYXANA W0225 0452257
ZNY MMNSH
ZZK OO SOA DE
O 14[redacted] FEB 00 ZYH
FM USSOUTHCOM
TO [redacted]
ZEM
CONFIDENTIAL PNA-0459-14-FEB-85
QQQQ
EYES ONLY//EYES ONLY//EYES ONLY//EYES ONLY//
NIACT IMMEDIATED
FOR AMBASSADOR PICKERING AND COL STEELE FROM GEN GORMAN
SUBJECT: FELIX RODRIGUEZ (U) [redacted] PENSIONER
1. (C) I HAVE JUST MET HERE WITH FELIX RODRIGUEZ, OPERATIONS [redacted]
FROM MIAMI. BORN IN CUBA, A VETERAN OF GUERRILLA
[redacted]
HE IS
OPERATING AS A PRIVATE CITIZEN, BUT HIS ACQUAINTANCESHIP WITH THE VP
IS REAL ENOUGH, GOING BACK TO LATTER'S DAYS AS DCI.
2. (C) RODRIGUEZ' PRIMARY COMMITMENT TO THE REGION IS IN [redacted]
WHERE HE WANTS TO ASSIST THE FDN. I TOLD HIM THAT THE FDN DESERVED
HIS PRIORITY. I ALSO TOLD HIM THAT YOUR WORK WITH THE PRAL WAS
ADVANCING WELL, AND THAT WE HAD MADE PROGRESS WITH TRAINING OTHER
PATROL FORCES. I WARNED HIM THAT WHATEVER HIS CONSULTING ROLE IN EL
SAL AMOUNTED TO, HE COULD NOT BECOME VISIBLE TO THE PRESS IN ANY
SENSE WITHOUT DAMAGING OUR CAUSE THERE. I ALSO CAUTIONED THAT EL
SAL WAS A VERY MUCH MORE DELICATE ENVIRONMENT WITH RESPECT TO CIVIL-
MILITARY RELATIONS AND RESPECT FOR HUMAN RIGHTS THAN ANY HE HAD
OPERATED IN BEFORE.
3. (C) HE WILL WANT TO FLY WITH THE ESAF TO ESTABLISH HIS
CREDIBILITY, BUT THAT BIT OF MACHISMO SEEMS TO ME BOTH UNNECESSARY
AND UNWISE.
4. (C) MY JUDGMENT IS THAT HIS ADVICE WILL REINFORCE OURS, AND
THAT WE SHOULD PUT NO OBSTACLES IN HIS WAY TO CONSULTING WITH
BLANDON OR BUSTILLO UNLESS AND UNTIL WE GET COUNTERINDICATIONS. I
RECOMMEND THAT JIM STEELE MEET WITH HIM. [redacted] AND AMBASSADOR
MAY ALSO WANT TO INTERVIEW HIM, BUT OUR MAIN INTEREST IS, AS I SEE
IT, TO INSURE WE KNOW WHAT HE IS TELLING BLANDON AND BUSTILLO VIA
IN-BRIEF AND OUT-BRIEF.
5. (C) ASSUMING YOUR APPROVAL, I WILL SEND RODRIGUEZ TO [redacted]
TOMORROW, 15 FEB, ON ONE OF MY C-12S. HE WILL ARRIVE AROUND 1[illegible]
LOCAL. HE IS A LONG-TIME FRIEND OF LOU RODRIGUEZ AND, IF AVAILABLE,
LOU COULD BE HIS CONTACT POINT. I ANTICIPATE
WOULD APPRECIATE IT IF
HE WILL WANT TO DEPART FOR MIAMI ON SATURDAY.
DECLAS OADR
SSO NOTE: DELIVER IMMEDIATELY.
#0225

NNNN

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

3180

Gorman UNCLASSIFIED

NO DATE
D 23180
File for me
S

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

BACK CHANNEL

ACTION: STATE-RCI, IMMEDIATE
USSOUTHCOM, IMMEDIATE

EYES ONLY FOR ARA MOTLEY AND JOHNSTONE; SOUTHCOM FOR GENERAL GORMAN FROM PICKERING

SUBJ: MEETING WITH FELIX RODRIGUEZ

1. I HAD A VALUABLE MEETING WITH FELIX RODRIGUEZ FEBRUARY 15.

2. HE HAS OUTLINED A TACTIC WHICH I BELIEVE HAS MERIT AND SHOULD BE TRIED OUT, VIZ:

[redacted]

OBVIOUSLY [redacted] VARIATIONS ARE POSSIBLE, BUT WE WILL HAVE TO INTEGRATE [redacted] ISSUE AND HANDLE IT BETTER THAN EVER BEFORE IF IT IS TO WORK, SOMETHING I AGREE WITH ON ITS OWN.

3. RODRIGUEZ WILL RETURN IN 3-4 WEEKS TO WORK WITH BUSTILLO (FAS) AND STEELE. STEELE WILL MONITOR CLOSELY. RODRIGUEZ UNDERSTANDS MY GENERAL RULES -- NO CIVILIAN CASUALTIES AND HE IS NOT TO ACCOMPANY FAS ON COMBAT MISSIONS AND AGREES. WE WILL START

305

UNCLASSIFIED

SLOWLY AND CAREFULLY TO SEE WHAT APPROACH CAN PRODUCE. HE WILL TAKE ON HIGHER PRIORITY [redacted] MISSION FIRST.

4. FOR ARA: PLEASE BRIEF DON GREGG IN VP'S OFFICE FOR ME.

UNCLASSIFIED

14 Jul 87

UNCLASSIFIED

Horman
Ex. #11
7/22/87 mas

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Oliver L. North
and
Continued Testimony of Robert C. McFarlane

Tuesday, July 14, 1987
Afternoon Session

House Select Committee to Investigate
Covert Arms Transactions with Iran
and
Senate Select Committee on Secret Military Assistance
to Iran and the Nicaraguan Opposition
Washington, D.C.

5311

~~Partially~~ Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

talk with Casey?

Mr. NORTH. Well, in my testimony and in the records that I turned over to the committee and those that were provided by the White House, it is very clear that I was in direct contact with the station chief in a Central American country.

Mr. BOLAND. You know, you are many things. You are many great things. There is one thing you really do great--that is, keep magnificent memos--beautiful penmanship, no crossout. You know exactly what you are doing. All the time you write it down in perfect English and perfect language.

Now, in the documents you supplied to this committee, they indicate you were an inveterate note-taker. How about Mr. Casey, did he take notes when you met with him?

Mr. NORTH. No. On the number of occasions I walked into the Director's office or when meeting with the Director and he would tell me to put away the notebook, that if I couldn't remember it, I didn't belong in the business.

Mr. BOLAND. Now, several witnesses who have testified made references to the assistance provided to the Second contra arms resupply effort by Colonel James Steele, the then military assistance group commander in Country Seven.

Who in the Department of Defense had authorized Colonel Steele's participation in this operation?

Mr. NORTH. I don't know, sir.

Mr. BOLAND. Did you ever report to anyone in the Defense Department about the help Colonel Steele was providing to the Secord resupply effort?

Mr. NORTH. I'm trying to recall when Colonel Steele arrived in the country in which he was assigned. It is entirely possible that Admiral Moreau and I talked about it. It is possible that I talked about it with General Gorman or his replacement. But I don't recall those specific conversations.

Mr. BOLAND. Was Colonel Steele subject to the command of General Paul Gorman when General Gorman was the commander of the Southern Command?

Mr. NORTH. That is the point of my earlier statement, because I don't recall when he arrived down there, sir.

Mr. BOLAND. I can understand. You testified here--this is the sixth day. You have had a million questions thrown at you. I don't expect you can remember everything.

Now, you have testified that you had been advised that the National Security Council was not covered by the Boland Amendment. It won't surprise you to learn, I suppose, that I believe that that advice was wrong. I don't think we have to debate the coverage of NSC here with you.

I only want to know this. The CIA was covered by the Boland Amendment, so was the DoD and also the State

8 Jul 87

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

UNCLASSIFIED

Gorman
Ex. #12
7/22/87 mas

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Oliver L. North

Wednesday, July 8, 1987
Afternoon Session

House Select Committee to Investigate
Covert Arms Transactions with Iran
and
Senate Select Committee on Secret Military Assistance
to Iran and the Nicaraguan Opposition
Washington, D.C.

[redacted] Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Joint Hearings
of the

5312

Select Committee to
Investigate Covert Arms
Transactions with Iran

U.S. HOUSE OF REPRESENTATIVES

Select Committee on
Secret Military Assistance
to Iran and the Nicaraguan Opposition

UNITED STATES SENATE

OFFICE OF THE CLERK
Office of Official Reporters

UNCLASSIFIED

Mr. NIELDS. How about the Department of Defense, the Southern Command? Were there people there with whom you discussed your role in the resupply operation?

Mr. NORTH. Again, I don't think I made clear my role to people much below the level of Admiral Moreau, who had a detailed knowledge of it, until he departed for another assignment in Europe.

I know that several people who worked for him on his staff had some knowledge of what I was doing. There were occasionally people who I would see when I was traveling who were military officers when I would travel to Central America who were American military officers.

The Ambassadors of those countries saw me--on occasion, I am not saying they saw me every time or that I specifically sought them out on every trip, but they did see me.

Mr. NIELDS. How about General Gorman?

Mr. NORTH. I think General Gorman had a general idea of what I was doing. General Gorman had been the predecessor to Admiral Moreau at the Pentagon. I visited with him frequently, but I don't recall with these people sitting down and saying, by the way, over the next 30 days here is what Ollie North intends to do.

What is likely is I sat down and asked over the course of the next six months, do these sound like good ideas for the

UNCLASSIFIED

Nicaraguan resistance, and what is your advice on how they should carry those things out? I am saying by inference these people came to know my role in supporting the democratic opposition in Nicaragua, both military and political and in trying to engender support for it from countries in the region, as well as in Europe.

Mr. NIELDS. Would you turn to Exhibit 102? Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. Are those your notes of a conversation with General Gorman on the 19th of February 1985?

Mr. NORTH. They certainly appear to be, because that is my writing, or a copy of it.

Mr. NIELDS. You have written there, told him--

Mr. NORTH. No. F.R. told his priority should be FDN. ''Told him in delicate stage of transition from blank run op to blank run op with lurps and prowl,'' and I can't read beyond that, because it is all scratched out.

Mr. NIELDS. You put in some blanks. You said blank in two places. There is nothing classified about either of these words. One of them is CIA and the other is Southern Command. ''Delicate stage of transition from CIA run op to Southern Command run op.''

Mr. NORTH. Right. That is referring to the country in which F.R. was living, and I thought that that was a

24 JAN 85

[redacted]

UNCLASSIFIED

24 JAN 85

☐ Call from Casey
- Concern abt. [illegible]
- Provide w/ "Funds" - not "non-lethal"
- Lew Lehrman - ready to go w/ Castle P/R Campaign [redacted]
- Ikle, Lehrman: [redacted]

☐ Call from Gen Gorman
- Briefed JCS on Duarte "Barrier"
- Need weeks to bring these ideas to bear
- Sponsoring lawyer (CBS)

Partially Declassified/Released on ______
under provisions of E.O. 12356
by K. Johnson, National Security Council

Herman
Ex. #13
7/22/87 mac

☐ Call from Moreau
- Plan w/ [redacted]
- G
- Brief - Fri P.M./Sat A.M. w/ Cindy

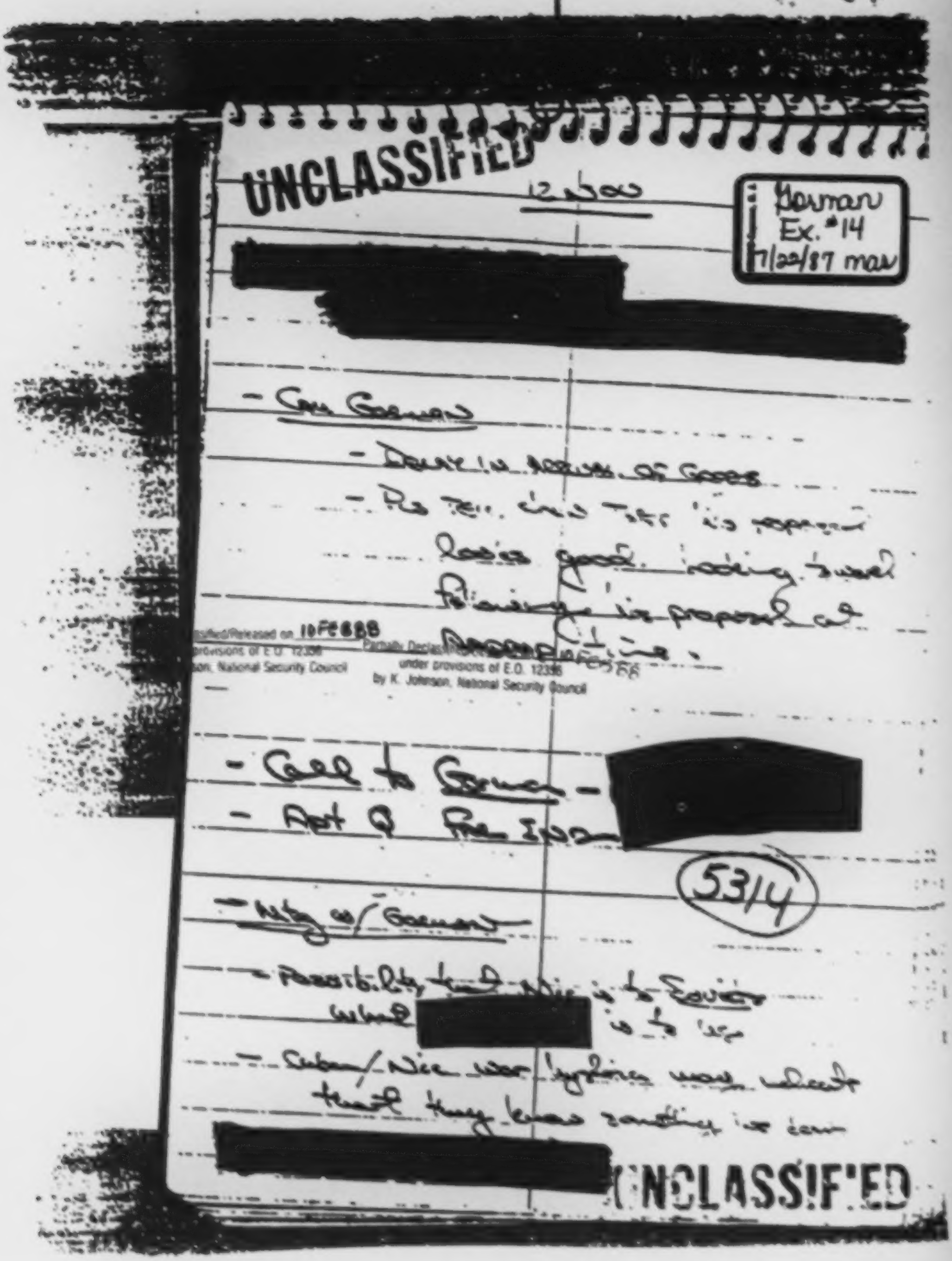
5313

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

[redacted]

UNCLASSIFIED

No date (jr.)



UNCLASSIFIED

12 Nov

Gorman
Ex. #14
7/22/87 mav

[redacted]

- Gen Gorman
  - Delay in arrival of goods
  - Re Pres. [illegible] 'in support' looks good. Adding 'word' financing in proposal at [illegible]

...sified/Released on 10FEB88
...provisions of E.O. 12356
...son, National Security Council

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

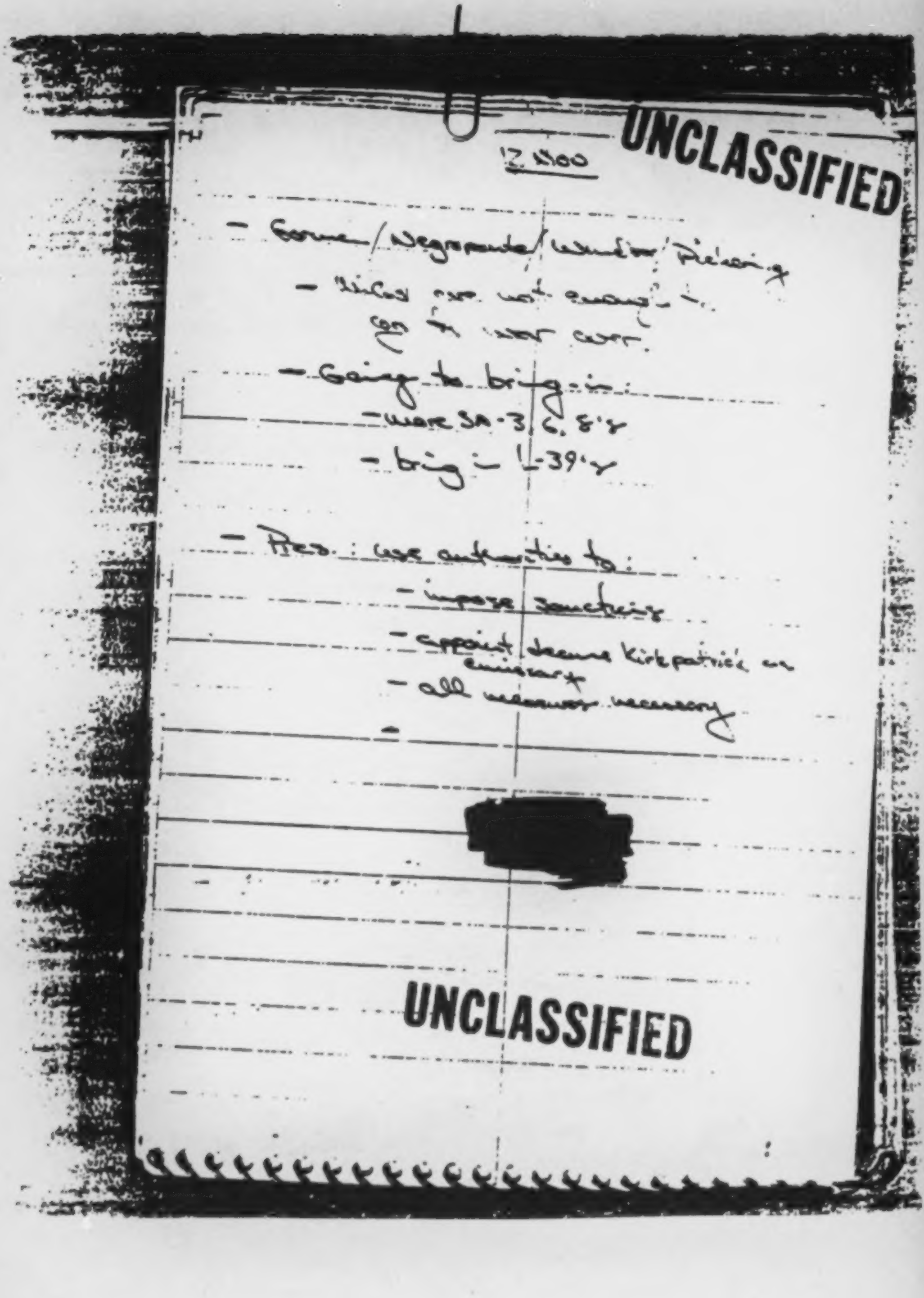
- Call to Gorman - [redacted]
- Apt @ Pres. Inn [redacted]

5314

- Mtg w/ Gorman
  - Possibility that Nic is to Soviets what [redacted] is to us
  - Cuban/Nic war hysteria was [illegible] that they know something we [illegible]

[redacted]

UNCLASSIFIED



UNCLASSIFIED

12 1100

- Gorman / Negroponte / Walker / Pickering
  - "Nicas are not enough" —
    con to war cont.
  - Going to bring in:
    - were SA-3, 6, 8's
    - bring in L-39's
- Pres.: use authorities to:
  - impose sanctions
  - appoint Jeane Kirkpatrick as emissary
  - all measures necessary
  -

[redacted]

UNCLASSIFIED

Gorman
Ex. #15
7/20/87 NAV

[redacted]

[redacted]

CERTIFICACION DE DESTINO FINAL

[redacted], 28 de noviembre de 1,984.-

[redacted].

Estimado [redacted]

Nos dirigimos a usted, para manifestarle que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CUATRO MIL-SETECIENTOS VEINTICUATRO (4,724) fusiles CETME calibre 7.62 NATO con sus accesorios; y VEINTE (20) BROWNING 1919A4 ametralladoras calibre 7.62 NATO, que hemos comprado de: [redacted]

Este material especificado viene consignado para uso exclusivo del Ejército de [redacted] y no será reexportado ni vendido a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de usted, como su atento servidor.

[redacted]

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5315

CALERO EX #7

14 Feb 85

UNCLASSIFIED

[redacted] N 71

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] [redacted] 14 de febrero de 1,98

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por te medio estamos extendiendo CERTIFICACION DE DESTINO FI por DIEZ MIL (10,000) rifles automáticos, los cuales ser destinados para uso exclusivo del Ejército de [redacted]; no serán reexportados ni vendidos a otro país, siendo mala el destino final.

Sin otro particular, aprovecho la oportunidad para cribirme atentamente,

[redacted]

ally Declassified/Released on 10Feb88
under provisions of E.O. 12356
K. Johnson, National Security Council

5316

UNCLASSIFIED

Calero Ex. 16

1b

UNCLASSIFIED

[redacted] N 7:

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted]

[redacted] 14 de febrero de 1,985

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por
te medio estamos extendiendo CERTIFICACION DE DESTINO FI
por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o
UN MIL QUINIENTOS (1,500) detonadores variados, los cual
serán destinados para uso exclusivo del Ejército de [redacted]
[redacted] y no serán reexportados ni vendidos a otro país, sien
el destino final.

Sin otro particular, aprovecho la oportunidad para
cribirme atentamente.

[redacted]

UNCLASSIFIED

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

[redacted] N 719

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted]

[redacted].14 de febrero de 1,98

S.Sores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por
te medio estamos extendiendo CERTIFICACION DE DESTINO FI
del material que a continuación se detalla, el cual será
tinado para uso exclusivo del Ejército de [redacted] y no
rá reexportado ni vendido a otro país, siendo [redacted]
destino final:

A. 150 ametralladoras
B. 150 morteros de 60mm. -completos-.
C. 100 morteros de 81mm. -completos-.
D. 150 lanzagranadas M-79
E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para
cribirme atentamente.

[redacted]

Declassified/Released on 10 FEB 88
under provisions of E.O. 12356
Johnson, National Security Council

UNCLASSIFIED

[redacted]

N 71

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] [redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por é te medio estamos extendiendo CERTIFICACION DE DESTINO FINA del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de [redacted] y será reexportado ni vendido a otro país, siendo el destino final:

A. 10,000 granadas M-79.
B. -3,000 granadas de 60mm.
C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para s cribirme atentamente.

Partially Declassified/Released on 10Feb88
under provisions of E.O. 12356
by R. Johnson, National Security Council

[redacted]

UNCLASSIFIED

[redacted]

N 7193

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] [redacted] 14 de febrero de 1,985

Señores:
ENERGY RESOURCES INTERNATINAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por
te medio estamos extendiendo CERTIFICACION DE DESTINO FIN
del material que a continuación se detalla, el cual será
tinado para uso exclusivo del Ejército de [redacted] y no
rá reexportado ni vendido a otro país, siendo [redacted] e.
destino final:

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para s
cribirme atentamente.

[redacted]

Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
[illegible] National Security Council

UNCLASSIFIED

[redacted]

N 7

s/r.

CERTIFICACION DE DESTINO FINAL

[redacted]

[redacted] 14 de febrero de 1,98

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por te medio estamos extendiendo CERTIFICACION DE DESTINO FI por DOS MIL (2,000) minas anti-personales y UN MIL (1,00 minas anti-tanque, las cuales serán destinadas para uso clusivo del Ejército de [redacted] y no serán reexportada ni vendidas a otro país, siendo [redacted] el destino fin

Sin otro particular, aprovecho la oportunidad para cribirme atentamente.

[redacted]

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

19

UNCLASSIFIED

[redacted] N 718

S/r.

CERTIFICACION DE DESTINO FINAL

[redacted] [redacted] 14 de febrero de 1,985

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por e te medio estamos extendiendo CERTIFICACION DE DESTINO FINA por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted]mala el destino final.

Sin otro particular, aprovecho la oportunidad para s-cribirme atentamente.

[redacted]

Partially Declassified/Released on 10 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

Calero Ex. #6

1b

UNCLASSIFIED

[redacted]

[redacted]

N

s/r.

CERTIFICACION DE DESTINO FINAL

[redacted]

[redacted] 14 de febrero de 1985

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por
te medio estamos extendiendo CERTIFICACION DE DESTINO FIN
por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, ca
bre 7.62mm., los cuales serán destinados para uso exclusi
del Ejército de [redacted] y no serán reexportados ni vend
dos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para s
cribirme de ustedes atentamente.

[redacted]

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

1a

UNCLASSIFIED

Non-Log
7 NOV84

November 7, 1984

~~TOP SECRET~~

EYES ONLY

ACTION

EXHIBIT
[redacted] 1

N 6914

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Clarifying Who Said What to Whom

ADM Poindexter indicates that the Director called you expressing concern that I had discussed with a Mr. Myers: Calero, [redacted] MIGs, dollars, etc. The following chronology may be helpful in clarifying the situation.

Monday, November 5 (p.m.). Calero called from Miami, using appropriate one-time-pad, expressing grave concern about delivery of HIND-D helicopters at El Bluff. He was very distressed that the Agency had not forewarned the FDN of the delivery and that by the time he learned of it from his own assets, it was too late to position forces in an effort to interdict/destroy the helicopters It was obvious that Calero was well aware of the threat the MI-24's pose to his forces in the field. Calero indicated that he was undertaking plans to "take-out" the HINDs and asked that he be given all possible information on the location of the helicopters. I told him I would try to get the information to him.

Later this same evening, I called Bob Vickers (NIO for Latin America) and GEN Paul Gorman and asked them for all we had on the location of the HIND-D's.

Tuesday, November 6 (a.m.). [redacted]

Subsequent to this call, I called Calero, again using appropriate code, and advised that the HINDs had been moved [redacted] and could he provide any HUMINT assets on-scene. At this point Calero suggested that he come to Washington to meet with me f few hours prior to departing on Wednesday (Nov 7) for Teguc' I agreed to meet Calero here in Washington later in the afternoon.

3622

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED EYE

Partially Declassified/Released on 18 Aug 87
under provisions of E.O. 12356
by B. Reger, National Security Council

Tuesday, November 6 (p.m.). [redacted] the new Central American Task Force (CATF) Chief (who has recently replaced [redacted]) called to provide additional information [redacted] During the course of his call, he indicated that [redacted] Calero was coming to Washington unexpectedly. I told [redacted] that Calero would be meeting with me and invited him to sit in. We discussed the matter and agreed that [redacted] would meet separately with Calero in view of the Agency's determination that Section 8066 of the CR forebade the Agency from providing *any* information or assistance to the FDN.

Calero and I met privately mid-afternoon. During the meeting, Calero advised me that he had undertaken a plan to "borrow" a [redacted] T-33, which would be used to strike the location where the HINDs were being assembled. He indicated that the T-33 would be painted with Sandinista Air Force markings and that the aircraft would probably have to land at [redacted] on its return leg. Calero asked for detailed information on the location of the HINDs and the Sandinista anti-air defenses. We also discussed longer-range planning for a Calero-Cruz coalition and the requirements for military cooperation with the MISURA in the seizure of Puerto Cabezas.

The meeting with Calero was terminated by the 5:00 p.m. CPPG and Calero returned to Miami on a 6:30 p.m. flight. After the CPPG, I again called [redacted] and asked for any further updates on the HINDs and new info on the MIG's. [redacted] indicated that he was unable to meet with Calero on this trip due to the short lead time in notice of his arrival, [redacted] [redacted] then asked if I was aware of a tasking to the NIO for an assessment of the Resistance capabilities. I told him that I was and that this was a fall out of the CPPG. I noted concern that State was of the opinion that the Resistance had become largely ineffective since our funding had run out in May 1984. [redacted] shared my assessment that quite the opposite was true and that the Resistance obviously had considerable outside support. I asked [redacted] if he was aware of the source of the Resistance funding. He told me no, that CIA had been trying to determine this, but that it was obviously substantial. I told [redacted] that it was important that the SNIE reflect the fact that there was substantial outside support which had continued for some months and showed no signs of abating. [redacted] agreed that this was the case. I asked him if the dollar amounts could be quantified. [redacted] responded that they were spending at least $1 million per month. I told [redacted] that the SNIE should include this estimate.

UNCLASSIFIED

TOP SECRET

EYES ONLY

N 6916

During this discussion, I apprised [redacted] of Calero's plan to "borrow" a [redacted]T-33 for an attack on the HINDs. [redacted] agreed with me that this was a high-risk operation, but that there did not seem to be any real alternative if the FDN were to survive. At the conclusion of our discussion, we briefly reviewed the prospects for a liberation government in which Cruz and Calero would share authority. [redacted] and I specifically agreed that our discussion would not be shared.

Wednesday, November 7. GEN Paul Gorman called at 1200 to relay new information on collection efforts for MIGs and the HIND aircraft.

At 1300 Calero called from Tegucigalpa again, using appropriate codes, and requested any available information on the HINDs and anti-air defenses [redacted] He indicated that he had tasked one of his column leaders to insert a man into [redacted] to observe [redacted] Calero advised that he would dispatch his pilot [redacted] to [redacted] as soon as he received intelligence on the HINDs.

At 1330 VADM Moreau confirmed [redacted] requests we had made and the modifications [redacted]

At 1345 [redacted] called to report additional Honduran airspace incursions by Sandinista helicopters in the vicinity of Cerro la mole (southwest of Tegucigalpa). I again noted the need for additional intelligence on the HINDs and that Calero was moving to implement the [redacted]/T-33 option.

Thursday, November 8. At 1445 ADM Moreau delivered [redacted]

At no time did I discuss with [redacted] financial arrangements for the FDN. At no time did I indicate that Calero was attempting to attack the MIGs. I specifically told [redacted] that Calero was attempting to collect information on the MIGs [redacted] and would pass this information to a CIA agent [redacted] if it was available.

RECOMMENDATION

That you authorize me to continue as planned with Calero.

Approve _____ Disapprove _____

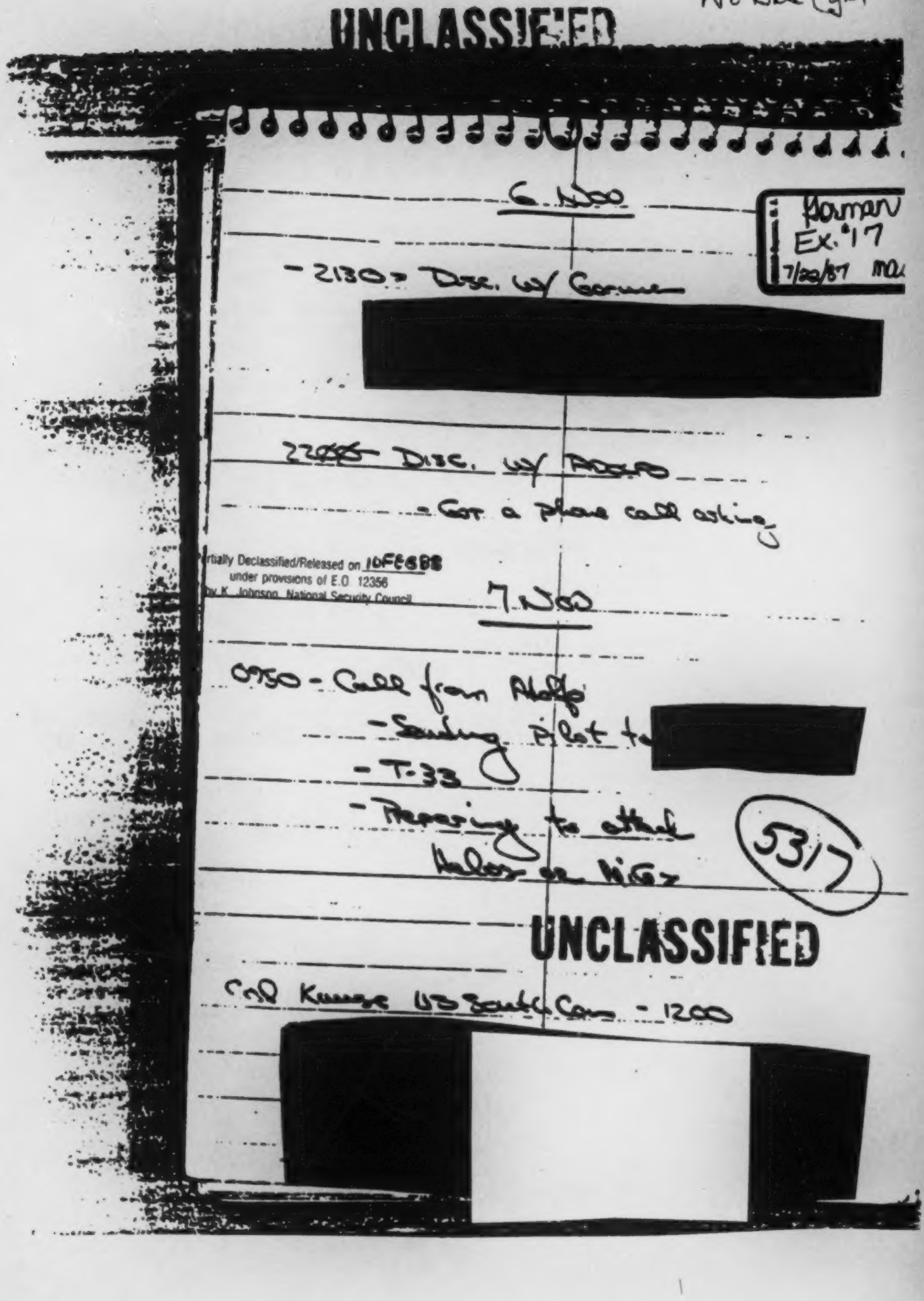
TOP SECRET

UNCLASSIFIED

EYES ONLY

EYES ONL

NO Date (yr)



UNCLASSIFIED

6 Nov

Gorman
Ex. #17
7/22/87 ma

- 2130 = Disc. w/ Gomez

[redacted]

2200 - Disc. w/ Rodolfo

- Got a phone call asking

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

7 Nov

0950 - Call from Adolfo

- Sending Pilot to [redacted]

- T-33

- Preparing to attack helos or Migs

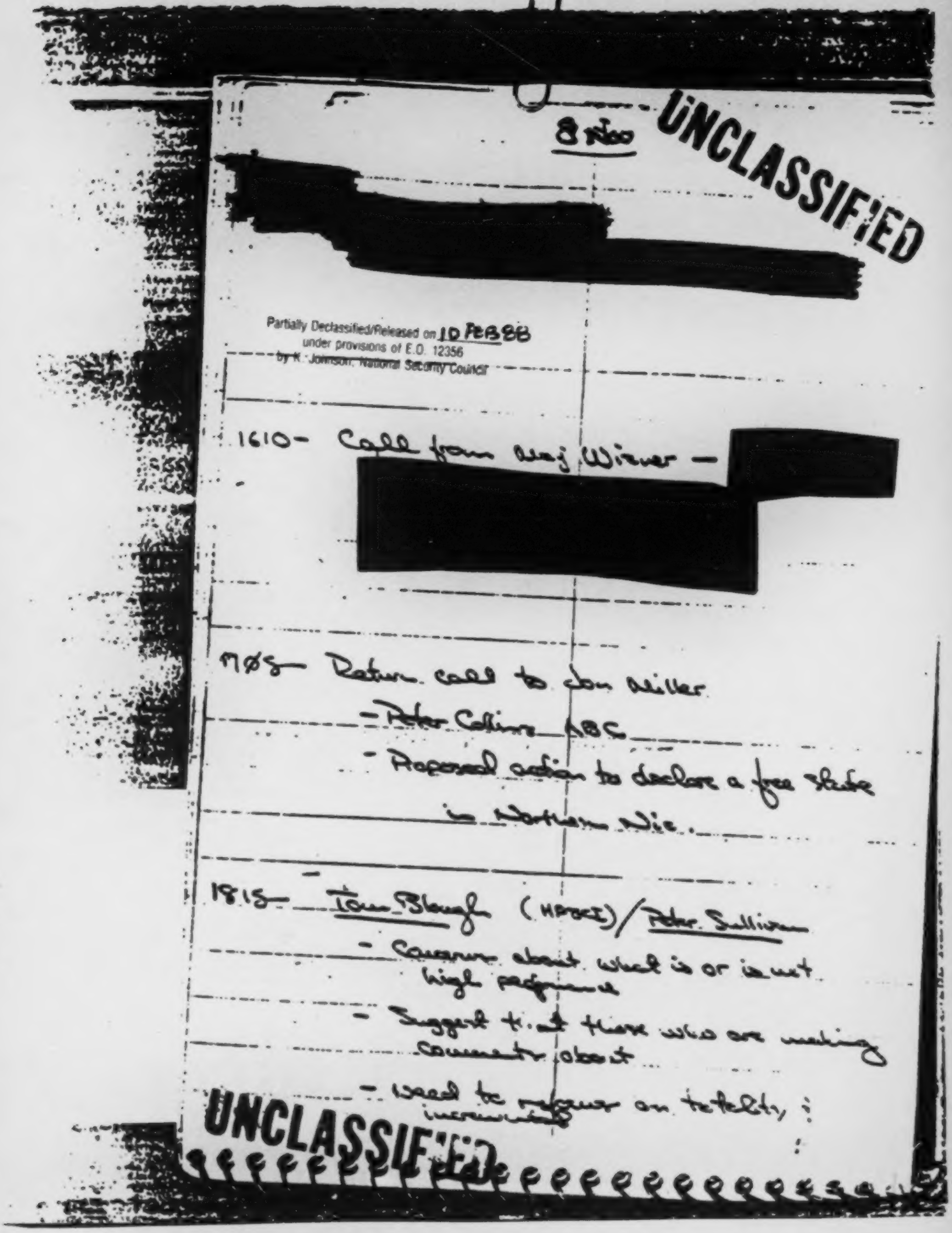
5317

UNCLASSIFIED

Call Kuenge US South Com - 1200

[redacted]

[redacted]



8 Nov

UNCLASSIFIED

[redacted]

Partially Declassified/Released on 10 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

1610 - Call from Maj Wisner - [redacted]

1705 - Return call to Jon Miller
- Peter Collins ABC
- Proposed action to declare a free state in Northern Nic.

1815 - Tom Blaugh (HPSCI)/Peter Sullivan
- Concern about what is or is not high performance
- Suggest that those who are making comments about
- Need to refocus on totality; increments

UNCLASSIFIED

3 Nov

UNCLASSIFIED

Call to Norcal-

[redacted]

1330 Call from Jonathan

[redacted]

1500 Call from J-2 Washington (Maj Weiner)

[redacted]

UNCLASSIFIED

CR31076.0
COX/sjg

COPY NO. 1 OF 2 COPIES

HSIC-24

UNCLASSIFIED

CONFIDENTIAL

UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF DANIEL O. GRAHAM

Washington, D. C.
Tuesday, May 26, 1987

Deposition of DANIEL O. GRAHAM, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 10:10 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

CHARLES KERR, ESQ.
Associate Counsel
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

18 of 81

Partially Declassified/Released on 1-13-88
under provisions of E.O. 12356
by N. Menan, National Security Council

UNCLASSIFIED

4237

UNCLASSIFIED

CONTENTS

WITNESS	EXAMINATION
Daniel O. Graham by Mr. Kerr	3

EXHIBITS

GRAHAM EXHIBITS	IDENTIFIED
Exhibit 1	31
Exhibit 2	44
Exhibit 3	47
Exhibit 4	53

UNCLASSIFIED

P R O C E E D I N G S

Whereupon,

DANIEL O. GRAHAM

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. KERR:

Q General, would you state your full name for the record, please.

A Daniel O. Graham.

Q Let's put on record both your home and businesses address, please.

privacy

A [redacted]

Q Okay.

A 1010 Vermont Avenue, Washington, D.C.

Q Would you describe your educational background, please, General.

A Public schools in Oregon, U.S. Military Academy, West Point, and various military schools thereafter.

Q When did you graduate from West Point?

A Graduated in 1946.

Q Your current employer is who?

UNCLASSIFIED

A Me.

Q Okay.

A I run an organization called High Frontier.

Q What is High Frontier?

A High Frontier is a public education effort promoting the use of space for security and commercial advance.

Q How long has High Frontier been in existence?

A Since 1981, September '81.

Q You founded High Frontier; is that correct?

A I did.

Q Is High Frontier a corporation of some sort?

A It's a not for profit corporation.

Q Do you hold an office in High Frontier?

A Yes, I am the director.

Q If you would be good enough to give us a chronological review of your career with the service, that would be most helpful for me.

A Well, I went into the -- into West Point in 1943, graduated 1946, served in Germany until 1951, returned to the U.S., assigned to 11th Airborne Division, sent to Monterrey to learn Russian, assigned to Special Forces, left Special

UNCLASSIFIED

Forces to go to Korea, commanded an infantry company.

Q When were you in Korea?

A '54-'56.

Q Okay.

A Returned to 101st Airborne Division, and to Leavenworth command and general staff college.

Assigned to assistant chief of staff for intelligence, U.S. Army, Pentagon.

Q When was that?

A That was 1958. Left there in 1963 to become -- to work at CIA with the Office of National Estimates.

Q Office of National Estimates is roughly the intelligence directorate at the present time?

A No, it was not then or is it now an intelligence directorate. It is the intelligence organization that makes estimates for the top executive levels from all the intelligence gathered. It is an analytical effort.

Q All right. What position did you hold with National Estimates?

A I was a staff officer.

Q Staff officer. Did you have a particular area that was your responsibility?

UNCLASSIFIED

A Soviet, Soviet military.

Q Thank you. You were with the CIA from '63 through --

A '66.

Q What happened then?

A '66 I took command of a battalion in the U.S. Army Pacific, 319th, military intelligence battalion.

Q Okay.

A '67 I went to the U.S. Army War College in Carlisle barracks and then was reassigned to Vietnam, where I was the chief of current intelligence and estimates for MACV headquarters.

Q Give me a time period for that, General.

A That was from August '67 through August '68.

Q Thank you.

A Returned to CIA, to the Office of National Estimates again. I was there until 1971, when I became a brigadier general, was --

Q Wait. Let me just hold you there for a minute. When you were with the CIA, Office of National Estimates, '68 to '71, what positions did you hold?

A I was again an analyst of Soviet military

UNCLASSIFIED

affairs.

Q Thank you. You left the CIA in '71 and became a brigadier general; is that correct?

A That's right. I became director of collections in DIA and then director of estimates, and then in -- wait a minute, that was 1970. Then in 1972, I was assigned to CIA again, was a major general, and I was a part of the new intelligence community staff.

Q This is a staff that reports to the director in his role as head, chief of the intelligence community?

A Well, yes. It attempts to coordinate intelligence activities of the entire intelligence community.

Q Okay, I am sorry.

A For the director, CIA. Then by date, I am not quite sure, but in early '73, I became the deputy for intelligence community affairs to then-Director Colby. 1974, I was reassigned to DIA as a director, Defense Intelligence Agency, and retired from that position in January '76.

Q At the time you retired you held the position of major general?

A Lieutenant general.

Q Lieutenant general. You became lieutenant general

UNCLASSIFIED

when, sir?

A In '73.

Q I will just go back and pick up on a couple of things. When you were with DIA as director of collections, that would have been, roughly, 1969; is that right?

A No, no, no, that was 1970, '71. I --

Q Okay.

A By '71, I had changed jobs within DIA to be the first director of estimates. They hadn't had such a job before.

Q You were director of estimates, roughly, '71, is that right, '71?

A '71, '72, right, before I went back out to CIA.

Q Tell me, what does the director of collections do? What was your mission?

A Director of collections mostly ran the attache corps. Also coordinated all the collection activities of the services.

Attempted to, I should say.

Q The director of estimates, what was that about?

A Director of estimates was to take all incoming information and attempt to predict events. It's as the words

UNCLASSIFIED

sound. Estimates, you take all the information, you see if you can, what is your best judgment as to what is going to happen.

Q Essentially a forecasting kind of an --

A Well, it's mostly forecasting. It is the peak of the intelligence effort, really, in that you take all the information that comes in and see if you can't make some sense out of it.

Q Okay. Let me talk to the position as deputy for the intelligence community to Director Colby. Can you describe for me what that job function amounts to?

A Well, that function was essentially one of seeing if you couldn't get the maximum amount of cooperation, minimum amount of overlap between the various elements of the intelligence community.

Q Then when you became director of DIA -- it would be helpful to me if you could give a capsule description of what the mission of DIA is. What does DIA do?

A DIA coordinates all military intelligence activities.

Q So the intelligence functions within the various branches of the service feed information to DIA; is that

UNCLASSIFIED

correct, or is that incorrect?

A That's incorrect.

Q At the time that you were director of DIA, who did you report to? Who was your immediate superior?

A The Secretary of Defense and the chairman of the Joint Chiefs.

Q In the period 1974 through 1976, when you were a director of DIA, did DIA have operational missions, functions?

A Yes. It ran the attache corps. These -- all these questions, by the way, are on the public record.

Q There is no question about that. I just want to establish a bit of background for people that read the deposition can fit into it, so we will try to pull it together quickly, but by way of background it would be helpful to me if you could describe the operational aspects of DIA in the period of the time when you headed DIA, attache corps I understand. Were there other operations?

A Attache corps, direct control of other operations. DIA did not have -- it was mostly input and guidance to other organizations.

Q During the time that you were with DIA, let's

UNCLASSIFIED

focus on the period of time when you were director, did you have occasion to become involved in the covert purchase of arms?

A No.

Q Did DIA have a covert logistics branch or unit at that time?

A No.

Q Insofar as DIA or its components needed covert logistics support, did it obtain that support through CIA?

A I don't recall any case where DIA needed any covert logistics support; had I needed any, I would have gone to either one of the services who had such activities under their cognizance or to CIA.

Q Following your retirement from the service in January of 1976, what position did you take?

A Well, the first position I took was as an adjunct professor at the University of Miami -- Florida, that is. Then I took a position with the -- in, oh, about '78, I guess it was, with the American Security Council as a co-chairman of their Coalition for Peace Through Strength. And then in 1981 I established High Frontier.

Q Let me go back to the times you were at the

UNCLASSIFIED

University of Miami. You were professor of what at that time?

A Military strategy.

Q Was this in conjunction with an ROTC program or --

A No, it was in conjunction with a think tank that was part of the University of Miami, called the Institute for Advanced Strategic Studies.

Q In 1978, when you were with the American Security Council, can you give me a capsule description of what the American Security Council is?

A American Security Council is an organization that supports strong intelligence, or military support. It supports defense appropriations and so forth.

Q It is privately funded, I take it?

A Yes, it is.

Q General, apart from your involvement in High Frontier, are there any other corporate entities or partnerships in which you hold a more than 5 percent interest?

A No.

Q You knew Barbara F. Studley, I believe?

A I do.

UNCLASSIFIED

Q Can you tell me how you met Ms. Studley?

A I met her when she was a broadcaster in Miami, and she invited me to be a guest on her radio talk show.

Q Were you living down in Miami at that time?

A No, I have never lived in Miami.

Q Can you place that, roughly, in time, when you first met her?

A Oh, I think it was about 1977.

Q And she asked you to appear on her show to be a guest speaker; is that correct?

A Oh, no, a guest on a talk show, talk about military affairs.

Q And in terms of your relationship with her, could you describe how that evolved, if it did?

A Well, I did perhaps two or three shows, but I can't remember how many. Then she came to Washington and I met her again. We did another radio -- she did a short radio stint here in Washington, I did another show with her.

Q She came to Washington, D.C., I believe, in about June of 1984. Does that sound --

A I don't know.

Q Did you have occasion to talk or work with her in

UNCLASSIFIED

the formation of her firm, Geomilitech Consultants Corporation?

A No.

Q What knowledge do you have of Geomilitech, General?

A All I know is that she runs it and it's an international trading firm in high-tech items.

Q You have never had occasion to be listed as an advisor --

A No.

Q Director, other function?

A No, I have had no function.

Q Do you know General Jack Singlaub?

A Yes, I have known him for a long time.

Q Did you know him when you were in the service?

A Yes, he and I served together in Vietnam.

Q In terms of his relationship to Geomilitech, GMT, have you had occasion to discuss with him his relationship with GMT?

A Not that I recall. I knew that he was associated, but I don't recall how I found that out. I don't think it was through conversation with him.

UNCLASSIFIED

Q General, in the subpoena that was served on you by the House of Representatives, there's a request for documents. Were you able to locate any documents that would be within the ambit of that subpoena?

A No.

Q Do you know Lieutenant General Robert Schweitzer?

A I have met him, yes.

Q Did you have any involvement in the decision by GMT to hire General Schweitzer in August-September of 1986?

A No.

Q Do you recall being contacted in late 1984, early 1985, with regard to a request for a recommendation on an arms broker who might be utilized by General Singlaub or Ms. Studley?

A Contacting me about that? No.

Q Do you know a gentleman by the name of Werner Glatt, G-l-a-t-t?

A I do, yes.

Q How do you know Mr. Glatt?

A I met Mr. Glatt at a social affair at my son's house, I think it was 1983, and I have -- I have known him ever since.

UNCLASSIFIED

Q Your son's full name is what?

A Daniel O. Graham, Jr.

Q Where does he live?

A He lives in Alexandria.

Q Can you give me an actual address for him?

A No, I can't.

Q It was a social function at which you met Mr. Glatt?

A Yes.

Q Have you ever had occasion to do business with Mr. Glatt?

A No. I have, you know -- he has supported my High Frontier effort, at least in 1984, and he made donations to my effort.

Q What is your understanding of the nature of Mr. Glatt's work?

A Mr. Glatt is a combination of a sheep farmer and arms trader.

Q He owns a farm in Virginia; is that correct?

A Correct. He also owns one in Scotland.

Q Have you ever had occasion to discuss with him his business as an arms broker?

UNCLASSIFIED

A Yes.

Q Can you describe the nature of those discussions?

A I knew that Barbara Studley and Jack Singlaub were trying to find a way to -- trying to find an honest and effective broker to get arms into the so-called Contras, and I asked him if he wouldn't give them a hand.

Q Can you place that in time?

A Oh, I think it was early '86.

Q '86 or '85? The arms transaction itself was consummated in May of 1985, delivery was made in July --

A Oh, yes, it was early in '85, that's right.

Q Describe for me the circumstances under which you either came to know that Studley and Singlaub had this interest or came to discuss it with them.

A Well, I knew that Jack was involved in doing what he could to help the Contras. I can't recall exactly what the conversation was, but somehow it got around to the proposition that they were trying to figure out whom to use as a broker; and I said, look, I know a man who is effective and honest, and you ought to use him.

Q Do you recall who you gave that information to? Did you give it to both Studley and Singlaub?

UNCLASSIFIED

A No. I think I just gave it to Studley. I don't remember talking about this, and I never introduced Glatt to Singlaub, but only to Studley.

Q Can you give me your best recollection of the circumstances under which you had the conversation with Studley, where it was, who else was present, anything of that kind.

A I think, as I recall, I was just having lunch with Mrs. Studley and perhaps her son. I am not sure. But, at any rate, there were more people than just me and Mrs. Studley, and that's when the conversation occurred.

Q Do you recall if there was simply one conversation, or did you have a series of conversations with her or her son about this matter?

A I never did discuss it with her son, but I probably had other conversations. I don't recall them. But I must have in order to set up a place for Glatt to meet -- I am going to get the ashtray over here, if I might.

Q Fine.

A For Glatt to meet Studley.

Q Before we come to that, let me ask you a couple of other questions. In terms of the recommendation you gave for

UNCLASSIFIED

Glatt, you recommended him as basically an honest broker, I take it.

A Correct.

Q How did you know that he was an honest broker?

A Well, I had talked to Colonel Norman Blaylock, briefly, about Glatt, and I also, indirectly, in my previous business in intelligence, knew that not all arms dealers were honest brokers. So I didn't want to see Jack and Barbara Studley squander other people's money.

Q Now, Blaylock has acted as [redacted] contact point with Werner Glatt for some time, you were aware of that?

A Yes, I was.

Q Did you come to that awareness with the work you had done through either DIA or CIA?

A No.

Q How did you do that?

A It was rather incidental. Blaylock was a friend of my son's, got to know Blaylock personally, didn't know he existed when I was in DIA.

Q But Blaylock told you he had done business with Glatt; is that correct?

UNCLASSIFIED

A No, not exactly. And, as a matter of fact, I can't remember, and if I did, it would be pure hearsay, but somehow I knew Blaylock had dealt with Glatt in the supply of arms to somebody. I didn't even know whom.

Q Yes, that was my next question. Did you know who actually was the purchasing entity?

A No.

Q Your son's profession is what?

A My son is an investment consultant.

Q Does he have occasion to engage in arms transactions?

A No.

Q So these are -- the relationship with Glatt and the relationship with Blaylock is simply social, as far as you know?

A That's right. He deals in soybeans, pork bellies, but not arms.

Q Got you. Could you describe your relationship with Glatt in terms of how frequently you see him.

A Oh, I have seen him, maybe, an average of once, twice a year, probably, since 1983, when I first met him. I consider him a friend.

UNCLASSIFIED

[redacted]

Q Do you have any knowledge of Glatt's background activities going back to World War II?

A No. Well, yes, I knew he was a private in the German army in the French occupation.

Q Did he ever describe to you his early years in the arms business?

A Yes, I think he has mentioned some anecdotes about his business.

[redacted]

Q In terms of the background relationship, have you ever had what I would describe as a business transaction involving Glatt, where you were paid a commission, received any remuneration of any kind for referring business to Glatt?

A No.

Q With regard to the reference of Glatt to Singlaub and Studley, did you receive any remuneration or recompense of any kind?

A None.

Q I would be correct, then, that you have never acted as a commissioned agent of any kind for Glatt?

A Never.

Q Let's proceed in the other direction. After you mentioned Glatt's name to Studley, can you take the next step in terms of how you put Glatt and Studley together?

A As I recall, I made a lunch date between myself, Glatt and Barbara at a hotel, I think it was the Carlton; and then something came up, and I forget what it was, but I couldn't have lunch with them. So I just introduced them, stayed with them about 10 minutes, and I had to take off.

Q So at that lunch it was just Mrs. Studley and Werner Glatt; is that correct?

A Yes.

Q General Singlaub, for example, was not there?

A No, he was not there. That's one thing your colleagues apparently thought, but is not so, that I had introduced him to Singlaub. I never have been in the same room with Glatt and Singlaub.

Q All right. In terms of what transpired at that meeting, do you have any knowledge from Studley or Glatt as

UNCLASSIFIED

to what happened at that meeting?

A Not directly. I knew that the deal was made, later, but I got no --

Q Got no immediate feedback?

A I got no immediate feedback, nor did I want any.

Q I understand. In terms of that arrangement, what knowledge did you have over time of the arrangement that was entered into between Studley and Glatt?

A Very little. I just knew that it had happened, I knew the delivery was made. After the delivery, Mrs. Studley contacted me and told me of some action that occurred [redacted] that perturbed her, having to do with some folks that were not part of the deal showing up when the ship arrived.

Q This would be Mario Dellamico?

A I don't know what their names were.

Q Okay.

A And sounded strange enough that I said that, really, she ought to tell Bill Casey. So I arranged a meeting with Bill, myself and Barbara so that she could tell him directly.

Q This meeting would have taken place approximately

UNCLASSIFIED

December 20, 1985?

A Toward the end of '85. I don't remember exactly when it would have been.

Q I am going to come back and cover this territory in a little more depth, but let me focus in on terms of who was at that meeting. The meeting took place at Langley, I take it?

A That's correct.

Q Besides Mr. Casey, was [redacted] there at the meeting, besides Mr. Casey?

A I don't remember anybody else who was there besides myself, Barbara and Bill, no. To my best recollection, I think we were alone.

Q Do you know [redacted]

A No.

Q Prior to this meeting with Mr. Casey, had you ever had occasion to discuss Ms. Studley or her companies with Mr. Casey before?

A No.

Q All right, I will take you back in time. With regard to the transaction between Studley and Glatt, did you have any conversations with Glatt about that transaction, up

UNCLASSIFIED

until time of what you have described as the trouble or the difficulties down [redacted], did Glatt keep you posted?

A No, he didn't.

Q With regard to Ms. Studley's firm, had you ever had any arrangement with them with regard to various types of military material that they are in the process of trying to sell, either Israeli material or any other such material?

A No.

Q Have you ever received any remuneration from GMT?

A No.

Q Or from Mrs. Studley in any other capacity?

A No, I haven't even gotten a donation for High Frontier from her.

Q Okay, fair enough. With regard to that transaction, what knowledge, if any, did you have with contacts between Studley, Singlaub or Colonel North?

A I had no knowledge of that.

Q Did you know Colonel North at that point?

A I have met him socially. I haven't exchanged more than 20 words with the man.

Q So North's involvement in arms acquisitions for the Contras, be it through Singlaub, Studley or otherwise,

UNCLASSIFIED

was not something you were privy to at the time?

A I knew nothing about it.

Q Let me come to your relationship, in general, with Casey. Could you describe what your relationship with him was?

A I knew Casey from the 1980 campaign. When he became campaign chief.

Q Right.

A And I was one of the military advisors.

Q In terms of how that relationship developed, I assume when he was heading up the campaign, you got to know him in the context of the campaign; is that correct?

A Yes.

Q When he became director of the Central Intelligence Agency, did your relationship continue, and, if so, was it a business relationship, or simply a social relationship?

A Oh, it was kind of a policy relationship. I had no -- it was only incidental social contact with him, but I have always felt that if I had anything that was important to his function, I could contact him and he would listen, which he did.

UNCLASSIFIED

Q Can you describe for me the archetypal circumstances under which you would have come in contact with Casey in the period '81 through '86. What kinds of occasions did you come in contact with him?

A Well, one occasion was he was trying to get Inman to become his deputy. I told him of a fine Air Force three star who would serve just as well, in my view. That was Lieutenant General Lincoln Faurer, F-a-u-r-e-r, who had been the head of NSA. No, he had not been head of NSA. He had been one of my deputies at DIA and subsequently became head of NSA.

Q Yes.

A Then another time was after I had got to know Glatt, I was -- I went to see Casey about the SDI issue, and told him in addition that in arms situations, that he would be a lot better off with Glatt than most of the arms dealers that I had ever encountered. So, that was, incidentally, not at the behest of Glatt, but just because I thought it was a good idea.

Q Can you place that time for me.

A Oh, boy, that was -- that must have been in '84, I am not sure when it was.

UNCLASSIFIED

Q In connection with --

A Maybe late '83, because it was shortly after the president sounded off on SDI.

Q Yes. Let me just ask you about that for a moment. You had that conversation with Casey where, at Langley?

A At Langley in his office.

Q Was there anybody else present?

A Yes, there was -- no, I guess there wasn't. There was when I was talking about SDI and he had some people in, and I think I mentioned this business of using Glatt personally to him in his office. I don't think anybody else was there.

Q Did he say anything else to you about Glatt at that time?

A No. It seemed to me that he had never heard of him.

[redacted]

UNCLASSIFIED

[redacted]

Q Totally aside, have you ever come in contact with another arms merchant by the name of Emmanuel Weisenberg?

A No.

Q Or Weigensberg or Wiggins?

A Not to my knowledge.

Q Let me take you back. You had that one conversation with Director Casey about Mr. Glatt. Were there any other occasions that you discussed Glatt with Casey other than the meeting that you have told me about?

A No, I haven't.

Q Now, you were running through the contacts that you had with Casey. Are there any others that you can recollect that would be descriptive of your relationship with Casey in the subsequent period?

A No. They -- the only other incident, and this was -- had nothing to do with what you call the ambit of this effort, it had to do with my suspicions that there could have been sabotage to our space program.

Q This would be post-Challenger?

UNCLASSIFIED

A Yes, post-Challenger.

Q Let me focus in on Glatt once again. Have there been any other persons or entity that you have referred to Werner Glatt, other than Studley and Singlaub?

A No.

Q Again, so I'm perfectly clear, you, yourself, have never been involved in an arms transaction utilizing Glatt; is that correct?

A Never.

Q Let me come to that question of troubles. Did Mr. Glatt, himself, contact you about difficulties that arose after the delivery of these munitions to the Contras?

A He did not. I got all that information from Barbara.

Q If you were to try a place in time when it was that Mrs. Studley contacted you about this problem, what would be your best estimate?

A Oh, sometime after midyear in 1985. I am not certain.

Q Let me show you a memorandum from Mrs. Studley to Colonel Oliver North, which she has indicated was also delivered to Director Casey, which seems to be the same

UNCLASSIFIED

meeting you are describing. I would like to have it marked as Exhibit 1. If you wouldn't mind, General, if you could take a look at it and see if you have ever seen the whole document or any pieces of it.

(Graham Exhibit 1 identified.)

(Discussion off the record.)

BY MR. KERR:

Q With regard to Exhibit 1, General, do you recall having reviewed this document or any portion of it?

A No.

Q With regard to the matters that are discussed in the document, are you familiar with them? Particularly the covering memorandum.

A No.

Q The incident that is described in the attached memorandum, entitled "observations and explanations," which is a report by Mrs. Studley's agent how delivery of the goods was taken [redacted] are you familiar with those events, either directly or indirectly?

A In general, yes, because Mrs. Studley described some of the activities there that disturbed her. I didn't care about the details, but she told me enough that it looked

UNCLASSIFIED

like something strange was going on with that delivery, and I said you need to inform Casey, not me. So I arranged for that to happen. She did give documents, I know, that included the bill of lading for the shipment to Mr. Casey.

Q Let me just ask you a couple of specific things here. There is a mention in this memorandum to a series of shipments, apparently being expected by Colonel North, that had been arranged by Werner Glatt, a series of five shipments. Do you have any knowledge of shipments that Werner Glatt was arranging for Colonel North?

A No, I didn't -- I knew of no relationship whatsoever between Werner Glatt and Colonel North.

Q And that's true to this day, I take it?

A That's true to this day.

Q In terms of why you felt it was a good idea for Mrs. Studley to discuss this matter with Director Casey, can you describe that for me, what was motivating, why did you think it was appropriate?

A Well, it sounded to me like it was a possibility that other arms merchants were upset that Glatt got to do it better than they could, and that they got less profit if Glatt was involved, and I am sure that is true. I am sure it

UNCLASSIFIED

is true. I am not sure they were upset. I am sure it is true that Glatt would give anybody a better deal than those other rascals.

Q All right, I am with you. That's a nice a way of describing them, as I suspect you can describe. With respect to one of the brokers here, Ron Martin, have you ever had any occasion to know about or hear anything about Mr. Martin?

A I have heard his name crop up as probably involved in whatever the discrepancies were or the problems involved in the landing of that cargo. But I don't know the man. I have inquired of friends in Miami as this guy, and they just say, oh, yes, he runs an arms -- he is an arms dealer.

Q Did you ever learn of or hear about any threats made with General Singlaub by Mr. Dellamico on behalf of Mr. Martin?

A No.

Q All right. Now, let me take you to the meeting with Director Casey. Can you give me your best and fullest recollection of what transpired at that meeting?

A I introduced Mrs. Studley to Bill, and remarked that no matter how she looked, she was efficient, and that she had some information that he ought to have regarding shipments of arms into the Contras. Mrs. Studley then related in general what the problem was and left a set of documents with Bill Casey. The meeting must have lasted about 30 minutes, 20, 30 minutes.

Q All right. Do you recall any discussion at that meeting about Mrs. Studley's interest in becoming an arms dealer to the Central Intelligence Agency?

A No. I do recall her saying that she had undertaken this effort at no profit.

Q Do you have any recollection of her, either directly or indirectly, suggesting to the director that she would be interested or available for the purpose of procuring arms covertly for the Central Intelligence Agency?

A No, I don't recall any such remarks.

Q What is your recollection of Director Casey's response to the presentation that Mrs. Studley made to him?

A Essentially what he said, that he would look into it. He did not admit to any connection with any of the people that she named. He just said that he would look into it, and he thanked her for the bill of lading and what other papers she gave.

Q This memorandum to North makes a rather

UNCLASSIFIED

impassioned plea for help and assistance, vis-a-vis Martin and Dellamico, and expresses concern about the consequences of the incident describing the memo for the arms agent known as W.

Do you recall any sense of urgency or concern being projected by Mrs. Studley at this meeting with Casey?

A Yes. She was concerned that -- this is just -- I am not quoting anybody directly. I am just saying my sense of her concern was that it appeared that somebody was trying to damage Mr. Glatt. I, myself, said to Casey, that if it's any of your guys, you ought to square them away.

Q All right. And Casey did not indicate it was his people?

A No, no. He never said yes, it's my people, and, yes, I will square them away and so forth. He just nodded like a wise old owl.

Q At any point in time, from any source, has it come to your attention, either directly or indirectly, that Mr. Martin did have a relationship, or Mr. Dellamico, did have a relationship with the Central Intelligence Agency?

A No, I have heard nothing but speculation. I know nothing directly about that.

UNCLASSIFIED

Q Following -- let me stop that there. On the meeting itself, do you have any recollection, further recollection, of what transpired at that meeting with Casey?

A No, that's about it.

Q Did Casey make any commitment to get back to either you or Studley?

A No, he didn't.

Q He said he would look into things --

A No, he didn't.

Q Did you have occasion after this meeting to discuss these matters with Director Casey?

A No, I have not.

Q Did you have occasion to discuss these matters with Mrs. Studley after this meeting?

A Yes.

Q Can you describe the circumstances and what you discussed with Mrs. Studley.

A Mrs. Studley -- well, I didn't really hear anything more about it until this current affair became public -- a public affair.

Q Let me just stop you so we can place that point in time. Using the downing of the Hasenfus plane as a turning

UNCLASSIFIED

point, you would have had discussions with her post-Hasenfus or pre-Hasenfus?

A Post.

Q Post, okay. Give me a description of the nature of discussions you would have had.

A I discussed with Mrs. Studley the possibilities that Werner Glatt's business would be hurt.

And my concern that he sure didn't deserve it, and -- well, she shared those concerns, and her worry that not only his business but her business would be hurt in this affair, but that in -- her assurance, she had been assured that as far as the transactions between herself and Glatt were concerned, that it was completely above board, he didn't -- that there was no worry about -- there was no legal worry, the only worry was damage to operations.

Q All right. Can you give me an approximate time when you had this conversation with Ms. Studley, and was there more than one?

A Oh, I don't remember exactly when. Oh, it was shortly after the thing hit the newspaper. So I am not sure when.

Q Have you had more than one occasion to discuss

UNCLASSIFIED

this with Mrs. Studley?

A Yes, I have. I have discussed it with her three times.

Q In terms of the three occasions, has the nature of the discussion changed or the focus changed?

A Well, after your colleagues came to talk to me, and I could tell by their questions they knew a great deal about it, I wanted to find more about what they already knew before I talked to you guys.

Q Yes.

A And so I met with Mrs. Studley to find out what she knew; then I met with her and Mr. Glatt subsequently; because I was already in Europe, to find out just what the situation was.

Q Did you have occasion at any of these meetings to meet with her attorney, Mr. Perito?

A I did meet with Mr. Perito, Perito, Pray or something like that, Berrera.

Q The one I know is Perito.

A Perito, maybe it is Perito.

Q That's a large firm.

A Has a whole bunch of guys.

UNCLASSIFIED

Q Lots and lots of guys. In terms of the meeting with Studley and Glatt, where did that take place?

A In Frankfurt, Germany.

Q When, approximately, did that occur?

A Oh, it was approximately the 1st of May.

Q It was just yourself, Mrs. Studley and Mr. Glatt?

A That's right.

Q Can you give me a synopsis of what you and they discussed?

A Well, I just told them both that I had been subpoenaed, and I wanted to know what was already known about that situation, that I had no legal worries of my own but I wanted to know what damage this was going to do to their businesses.

Q What were you told in that regard?

A Well, that the hearings themselves weren't damaging the business, but that damage had been done by somebody who had notified -- had tried to get the same deal, tried to match Mr. Glatt's prices by getting to Mr. Glatt's sources.

Q Was it referring back to this incident, the ones we are referring to?

UNCLASSIFIED

A Well, apparently so, because I hadn't read that. Apparently at that juncture they were telling me things that are in that memo.

Q I see.

A And I had never seen that memo.

Q I see. What I am driving at, was there any suggestion that that type of activity was going on inside the Congressional investigation?

A No, that it was going to publicize it, though.

Q Okay. So they were concerned about the publicity --

A They worried more about publicity than the law.

Q I understand. Anything else you recollect about that discussion between yourself and Glatt and Studley?

A Strangely enough, most of it had to do with Mr. Glatt's health, he had a severe health problem.

Q Was there any discussion or request that you not reveal facts or information about this affair?

A No.

Q The reason I ask, General, and I don't mean to be offensive about this, but we do have information that suggests that someone has advised Mrs. Studley not to turn

UNCLASSIFIED

over documents and information that are within the ambit of the subpoena that has been served upon her, a suggestion that, as far as I can tell, she did not take. But you, yourself, have not made such a suggestion to her, I take it?

A No. I have commented that there has got to be some limit as to what the charge is, and that matters that are irrelevant to what is being investigated should not be volunteered.

Q Let me pursue that a bit further. I can understand that as a general comment. Let me take it a step further. Are there specific areas, transactions, documents or facts which you have suggested to either Studley or Glatt they need not or should not produce to these committees?

A No. What I have said is that if you start plunking into the internals of High Frontier's business, I will clam up and not tell you anything, fair enough?

Q That's fair enough. All right. I am concerned, though -- Mrs. Studley has gone to a number of people for advice. Some of [redacted] the advice that she has gotten has caused us concern, although I think she has been forthcoming with us. You have not had occasion to instruct her or suggest to her that she either destroy documents or suppress facts that are within the ambit of the deposition notice?

A No.

Q Similarly, going the other way, no request has been made of you by either Studley or Glatt that you not reveal facts or documents to us?

A No, no.

Q Let me move along and try to pick up some other documents. Let me show you a document that was found in the safe of Colonel North, and which we now know was prepared by Mrs. Studley, and it's been identified by Mrs. Studley and indeed was recently used in the public hearings with General Singlaub. It's been previously marked as Schweitzer Exhibit 11. If you would be kind enough to review it, and review it with some care, because even if you haven't seen the document, I want to talk to you about the concepts that are outlined in it.

A Okay.

Q With regard to Schweitzer 11, have you ever seen this document before?

A Never seen it.

Q With regard to the concept as outlined here, this is basically a three-way program to generate Soviet bloc arms for use in various insurgencies, without Congressional knowledge or consent, have you ever discussed such a concept with Mrs. Studley?

A No, I have not.

Q Okay.

A No, I have not.

Q Do you have any knowledge of this document being presented to Director Casey at the meeting that you arranged between Mrs. Studley and the director?

A No, I have not.

Q Do you have any knowledge of discussion of a program like this or this document being discussed with Al Haig?

A No.

Q Have you ever had a discussion with General Singlaub about various programs that might be arranged to permit the supply of Soviet bloc weapons to insurgencies around the world without the consent or awareness of other departments, State or Congress?

A No.

Q Moving into 1986, you mentioned the meeting that you had in late 1985. Did you have other occasions in 1986

UNCLASSIFIED

to discuss with Director Casey the possibility of either Mrs. Studley or her firm, Geomilitech, becoming a supplier of arms and other munitions to the Central Intelligence Agency?

A No.

Q Let me show you another document that was found in the safe of Colonel North. There are several attached copies, because some of the ones on top are not easy to read. The first is a cover memo from Mrs. Studley, which I believe went to Colonel North, makes reference to delivery of these materials to Director Casey and [redacted] is that the way to pronounce his name, do you know?

A [redacted]

Q Yes.

A Yes, I know [redacted]

MR. KERR: I will ask that they be marked collectively as Graham Exhibit 2.

(Graham Exhibit 2 identified.)

BY MR. KERR:

Q Again, General, if you would review the documents with care, both to see if it refreshes your recollection and also if you recall the incident?

A No, I have never seen that.

UNCLASSIFIED

Q Okay. Do you have any knowledge of what is at work here, let me describe it in a nutshell. General Singlaub was suggesting to Director Casey that the CIA purchase various armaments for the Contras at a time when there was no Congressional appropriation saying or suggesting -- and I believe it's Mr. Glatt -- "could arrange for financing for such a purchase to be repaid after the $100 million appropriation came into effect." Do you have any knowledge of those matters?

A None at all.

Q The answer is no?

A No, I don't.

Q Never had occasion to discuss this matter with Director Casey?

A No.

Q At the same time this letter went out, which is August of 1986, Mrs. Studley became involved in gathering information for Colonel North on a vessel loaded with arms that had been seized in the Panama Canal known as the Pia Vesta. Do you have any knowledge of how she became involved in that matter and what she was doing?

A No, I don't.

UNCLASSIFIED

Q Let me run through a series of names and see if you know anything about them. Do you know a David Duncan who's in the arms business?

A No.

Q How will did you know Dan Cummings, who's in the arms business?

A I have heard of him but I don't him.

Q Do you recall the contexts in which you have heard of Mr. Cummings?

A Oh, yes, I know him to be an old-time CIA type whom I wouldn't deal with in any of these affairs, because he is a blatherskite.

Do you have what a blatherskite is, young lady?

Q It's one of those words that you can sort of fill in the blanks on. You don't feel him reliable, I trust?

A Well, he goes on television and talks about these matters, which is rather stupid for a man in his business.

Q Do you know of the current relationship between Cummings and Colonel Schweitzer?

A No.

Q Do you know a Patrice Gentry de la Sagne of Geneva, Switzerland?

UNCLASSIFIED

A No.

Q General, I am going to impose on you again. Let me show you a collection of documents that have been provided to us by Mrs. Studley. I would like you to glance through them. They relate to work that she was doing with regard to the Pia Vesta, and an arms shipment that was contained on the Pia Vesta which was of interest to Colonel North. Again, I would just like you to look through it to see if it gives you any recollection of knowledge that you would have about this matter in the period July, August, September 1986. Collectively, that will be Exhibit 3.

(Graham Exhibit 3 identified.)

BY MR. KERR:

Q I think that last document is out of place.

A Okay. I know of nothing of those matters.

Q I will remove the last piece of Exhibit 3, which was none of the exhibit before here. One point in terms I believe we touched on before, with [redacted] how do you know [redacted]

A [redacted] and I have appeared on the same platform to speak, he is a strong supporter of SDI.

Q Do you know of his relationship with Mrs. Studley

UNCLASSIFIED

or GMT?

A No, that's the first I knew she knew him.

Q Do you have any knowledge of the role Mr. [redacted] played in trying to get a contract for Mrs. Studley or GMT for the CIA?

A No.

Q Turning again to Lieutenant General Schweitzer, just so I understand, he was hired in late August, early September, 1986. He was interviewed by General Singlaub for GMT. If I understand your testimony, you had no involvement in that hiring decision; is that correct?

A No.

Q General Schweitzer and General Singlaub met with Colonel North with regard to GMT matters on or about December 2, 1986. Do you have any knowledge of that meeting?

A No.

[redacted]

UNCLASSIFIED

Page 49

DENIED IN

TOTAL

UNCLASSIFIED

[redacted]

Q Thank you, General. With regard to General Schweitzer's role at GMT, were you aware of the fact that he was in the employ of GMT?

A Yes, at some junction or other, Mrs. Studley told me that Schweitzer was working, I can't remember whether she said for or just with her. But, at any rate, I knew that Schweitzer was somehow connected.

Q Did you ever have occasion to discuss with Schweitzer what he was doing at or for GMT?

A I haven't spoken to Schweitzer in at least four years.

Q So Schweitzer is not a social acquaintance or personal friend?

A No.

Q General Schweitzer left the employ of GMT in early 1987. Do you have any knowledge of the circumstances under

UNCLASSIFIED

which he left?

A No, I don't. Although Mrs. Studley did tell me that he had departed.

Q Did she give you any explanation of why or what the circumstances were?

A She might have, but I don't recall. What I do recall is she was -- she had come to not have much confidence in his advice.

Q Do you recollect any explanation she gave you as to why that was so?

A No.

[redacted]

Q Do you know Dr. Ray Cline?

A Yes, I know Ray very well.

Q How do you know Cline?

A Oh, Cline, I have known him since 1963, when he was at the CIA. I have been associated with Ray both

UNCLASSIFIED

officially and unofficially in various things through the years.

Q Have you had an occasion to discuss with Dr. Cline anything relating to GMT within the last year or so?

A No.

Q Specifically, have you had any discussions with him about either your deposition today or the previous interviews of General Singlaub and Mrs. Studley?

A I have never discussed anything within the ambit of this investigation with Ray Cline.

Q Do you have any knowledge of the role Dr. Cline has played in 1987 in trying to obtain contracts for GMT from the CIA?

A No.

Q And it would be your testimony, then, that Dr. Cline has not discussed with you his efforts to obtain contracts for --

A No, Ray Cline and I have never discussed anything of that nature.

Q Within this year, 1987, have you had any discussions with Mrs. Studley when she asked you to assist her in obtaining contracts for the CIA?

UNCLASSIFIED

A She has never asked me to assist her.

Q Let me show you one other memorandum that was provided to assist the staff counsel for the House committee by one of the attorneys for Mrs. Studley. It's a memorandum relating to Colonel North, which will be Exhibit 4. I would like you to look at the memorandum again, tell me if you have ever seen it before or if you are familiar with its contents.

(Graham Exhibit 4 identified.)

THE WITNESS: That's interesting. I wonder who wrote that.

BY MR. KERR:

Q Have you seen the document before?

A I have never seen it.

Q With regard to the content of the document, you are not familiar with that?

A No, no. All that is news to me, or most of it is. I think I did know from some source that I can't recall, perhaps Jack Singlaub, that North was opposed to the effort in the south. Pastora --

Q I was going to ask you about that. Have you ever had occasion to discuss with General Singlaub, either before

UNCLASSIFIED

or after his March 1986 trip to visit with Eden Pastora, what occurred on that trip?

A Not that I can remember. I don't think so.

Q Specifically, General Singlaub did have occasion to discuss with you his perceptions of what the CIA did to undo the agreement that he reached with Eden Pastora?

A No, I don't recall any conversation along that line.

Q Did you ever have occasion to discuss with Director Casey Singlaub's efforts vis-a-vis Eden Pastora?

A No, never did.

Q I think we are about done, General. Give me a minute off the record.

A Good. I want to save the Western world.

(Discussion off the record.)

BY MR. KERR:

Q General, when was the last time you talked to General Singlaub?

A Oh, boy, it was, oh, February of this year.

Q Was your conversation with him in the context of the interviewing and testimonial process that General Singlaub was going through at that time?

UNCLASSIFIED

A No. It had more to do with his problems with his activities in the Philippines.

Q The last time you discussed anything with Mrs. Studley was when?

A May 1.

Q This would have been in Frankfurt?

A In Frankfurt, yes.

Q General, you have been most kind. I appreciate your coming by, and I do appreciate your assistance in this matter.

A Okay, fine.

(Whereupon, at 11:45 a.m., the deposition was concluded.)

DANIEL O. GRAHAM

UNCLASSIFIED

CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Wendy S. Cox

Notary Public in and for the
District of Columbia

My Commission Expires NOVEMBER 14, 1987

UNCLASSIFIED

30 Oct 85

UNCLASSIFIED

Ex 1
Graham
5/26/87

[redacted]/Released on 1/25/89
under provisions of E.O. 12356
by B. Reger, National Security Council

MEMORANDUM

BS 0005

TO : LT. COL. OLIVER NORTH

FROM : B. F. STUDLEY

DATE : OCTOBER 30, 1985

4:00 AM, October 29, 1985 - Washington, D.C.

Received a phone call from my source (ref. "W") inside [redacted]

"W" was insistent that I convey the following information to you IMMEDIATELY as he was concerned that information might end up in the hands of the media. In turn, they would confront you.

October 29, 1985, AM [redacted] - "W" was called to a meeting at [redacted]

Authorities questioned "W" about the shipment that went from [redacted] to [redacted] on June 20, 1985. "W" denied that his ship was intended for the Contras. They then informed "W" of the following incrediable events.

A man named MARIO DELLAMICO (Cuban American, works for an arms dealer named RON MARTIN) walked into [redacted] two weeks ago.

Dellamico was asking their help in getting [redacted] to sell Ron Martin's Company, arms for Contras.

[redacted] answer was ABSOLUTELY NOT - it would be against their law. At that time Dellamico gave the [redacted] a copy of OUR PACKING LIST bearing the following information:

1. Shipment left [redacted] and was received by [redacted]
2. Itemized List of Inventory.
3. Ship's Name and Date of Departure.
4. Our Representative's Signature.

5318

UNCLASSIFIED

MEMORANDUM
PAGE TWO

As [redacted] questioned "W" [redacted] that same morning "W's" man (who handled shipment at [redacted] port) was called in by [redacted] authorities [redacted]

In both cases - [redacted] VERY ANGRY. [redacted]

"W" had an important shipment in port and was concerned they would stop shipment. ("W" said to tell you it is the first of five you are expecting.) "W" later called to say SHIP HAD SAILED.

"W" was furious that his contact (long and costly to form) could be blown. "W" is concerned about his sensitive shipment sitting in [redacted] port and also concerned that this could become international headlines.

The copies of our packing list has now gone from Washington, [redacted] [redacted] because of Ron Martin's man, Dellamico.

"W" urges you to stop Ron Martin/Dellamico.

Dellamico was given packing list by [redacted] that accepted our shipment.

I am informed that Ron Martin and [redacted] are involved in attempting to force Contras to buy from them. Dellamico demanded [redacted] sell to Ron Martin the same goods that they sold to us. They refused - they are afraid of Ron Martin.

[redacted] is sending a special man to talk to "W" [redacted] on Friday, November 1, 1985 regarding this entire affair.

"W" maintains he has crisis there under control - however, is very concerned about Ron Martin.

Meanwhile - Martin's company still has copies of our documents -

ENCLOSED:

1. Copies of documents delivered to [redacted] by Dellamico.
2. Report from my representative that was in [redacted] to meet ship. The "Mario" referred to is Dellamico.
3. General John K. Singlaub has been advised of this information.

UNCLASSIFIED

6 Aug 85
[illegible]
[illegible]
[redacted]

UNCLASSIFIED

OBSERVATIONS AND EXPLANATIONS

BS 0007

To Whom It May Concern:

Upon arrival in[redacted] I proceeded directly to the hotel, checked in and phoned [redacted] He was surprised at my presence[redacted] but welcomed me when I arrived in his office at 1100 hours, July 8, 1985. He then briefed me on the vessel's status.

On arrival in the port of discharge, the vessel anchored inside the harbor. At 1120, July 9, 1985[redacted] one local customs agent, one local health official and I went aboard via pilot boat. With above personnel and[redacted] in the master's office, customs seemed confused and asked "Where is[redacted] The Port Captain answered[redacted] and customs seemed satisfied.

At 1135 customs, health and Agent went ashore and master showed me and Port Captain some cargo that he found loose in the hold after sailing from the loading port.

The cargo that was found and the Master's comments are in the Master's Report.

When the vessel docked it began to rain and I was approached by a man who introduced himself as Mario Hernandez. He was dressed as a civilian, but carried a side arm. He spoke fluent Spanish as well as English although English seemed his second language and he spoke it with a heavy Spanish accent. He represented the receivers of the cargo and was anxious to begin discharging.

Mario claimed that rain would not hurt the cargo and was prepared to sign papers holding the ship owner harmless for damage to the cargo incurred in discharge during the rain. This became a moot point as the rain stopped and discharge began at 1556 hours, July 9, 1985. It should be noted that Mario was known to[redacted] as "Mario D'Amico" and signed his name "Mario Rodriguez" to the Master's Report and the Order to Discharge. He seemed to move easily about the heavily guarded and restricted dock area giving orders to both "civilian" and military personnel.

He remained on the dock or aboard the ship at all times during the discharge as far as I know.

At 1210 hours, July 10, 1985, the master, in the presence of the port Captain and myself, gave Mario the cargo he found loose. Mario talked freely about where the cargo was made and about varios specifications of it. A young man in[redacted] uniform carried the loose cargo off the ship concealed in cloth and put it in Mario's car which was alongside the ship.

~~Partially Declassified~~/Released on 4/2/87
under provisions of E.O. 12356
by S. Reger, National Security Council

UNCLASSIFIED

5319

After completion of the discharge Mario and I inspected the holds and the hatchcovers were replaced. Later, while checking out of the hotel at the discharge port, I saw Mario and learned that he had a room there. He asked if he could ride back to [redacted] with me and I said yes. While waiting in front of the hotel for Mario to pack and check out, I observed his two bodyguards arrive in Mario's jeep and enter the hotel openly carrying what appeared to be the cargo found loose by the master and given to Mario. I followed them into the hotel to Mario's room where they put down the cargo, carried Mario's gear to my waiting taxi and Mario and I then departed for [redacted] Mario carried an automatic pistol in his belt.

During the sixty minute ride [redacted] and a subsequent dinner we had together that night, I learned the following about Mario:

- he was born in North Carolina
- he has lived in Central America for 17 years
- his current home is [redacted]
- he has a wife and two children in the U.S.
- he has a wife in [redacted]
- he has a girlfriend in [redacted]
- he prefers Central America and would not return to the states
- he is not a U.S. citizen (although I thought I saw a U.S. passport through his shirt pocket)
- he is extremely well versed in current events and has a vast and detailed knowledge of world politics - both the policies and the players
- he could talk at length about the small arms and weapons systems of many different countries

At dinner Mario also informed me that three latin men were found by "his people" in a fourth floor room of a hotel near the docks. They had, in his words, "alot of sophisticated camera equipment" and were taking pictures of the port area. Mario said they destroyed the film and had the men in custody. He would not say who had them though. Because of many inconsistencies in his story regarding this matter, I had trouble believing it.

Other observations regarding Mario
- approximately 5'8"-5'9" tall
- approximately 175 lbs. (paunchy)
- usually wore very thick (1/2") glasses
- brown hair, advanced receeding hairline

UNCLASSIFIED

As a final note on Mario, I add my impression of him. I can only report what he told me and do not submit any of it as fact. While he seemed to have an important status and role in the receipt of this cargo and handled the mechanics of that job well, his character seemed confused. He seemed to boast at times about his position, but never said what it was. He liked to talk and often said more than I thought would be prudent. I found him talking to himself at times. He liked to tell stories about himself, his travels and his life but they often contradicted each other and I found it difficult to believe any of them.

Without having a thorough understanding of the logistics of this shipment, I make the following observations that may or may not be valid.

1) containerized cargo is more secure, attracts less attention, is easier and quicker to handle and could be handled in most weather conditions.

2) there is rail siding on the dock and offers another discharging alternative

3) the cargo was taken by truck to [redacted] then to its final destination; why not discharge at [redacted] and avoid many of the security problems found at the commercial docks

Michael W. Fields
MICHAEL W. FIELDS
8-6-85

UNCLASSIFIED

DENIED
IN
Total

- 9 pgs

- BS 0010 - BS 0018
- G000006 and
  G000008 - G000015

NO DATE

#2

Graham
5/26/87 F[illegible]
NSC N [illegible]

UNCLASSIFIED

N 16513

[redacted]

Jack has asked that I send you a copy of the "List" and the letter being delivered to Bill Casey by [redacted] at noon today (Aug. 5).

Please follow up with him, or in the event that you cannot do so, please see that the right person in the NSC understands what we are proposing.

Swiss banker standing by, loan can be arranged with absolutely no names, etc. Funds available immediately. Shipment can leave dock within two weeks and arrive at destination in five to six weeks from now (Sept 9th).

Partially Declassified/Released on 1/21/88
under provisions of E.O. 12356
by B. Reger, National Security Council

5320

UNCLASSIFIED

No Date

~~Released on~~ under provisions of E.O. 12356 ~~National Security Council~~

N 16514

UNCLASSIFIED

PERSONAL AND ~~CONFIDENTIAL~~

Mr. William Casey
Director, Central Intelligence Agency
Langley, Virginia

Dear Bill,

The enclosed list of hardware is available for immediate delivery at the prices indicated. The list was developed in conjunction with a member of the NSC who is knowledgeable of the urgent needs of the United Nicaraguan Opposition with which the US has a continuing interest. The items can be at dockside, ready for shipment within two weeks from the date of a Letter of Credit or the deposit of actual funds.

Due to the fact the funds from Congress will not be available until after September, our bank in Switzerland, will accept a Letter of Credit from your bank and issue a loan for six to twelve months, or as needed. Our bank will fund immediately for the purchase of the listed items, thus providing the equipment that is so desperately needed now while allowing for payment at a later date.

Our banker is prepared to fly to Washington and take care of the Letter of Credit directly with your designated bank. This eliminates all bank tested telexes or paper trails. The loan can be in the name of a corporation of your choice. It is not necessary for our bank to know your identity, only your banker.

Our bank has been exceptionally discreet in processing our transactions in the past. At the close of the transactions, the bank file will only show corporations, numbered items and amounts. No reference will be made of the specific items involved in the transaction, nor of the individuals or actual organizations involved.

Please let me know as soon as possible your desires for our future actions on this matter.

Yours truly,

Partially Declassified/Released on 10Feb88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5321

Jack

John K. Singlaub
Major General U.S. Army (RET)
Consultant

UNCLASSIFIED

1 Incl as

GeoMilTech Consultants Corporation

UNCLASSIFIED

[illegible]
[illegible]
Washington DC [illegible]

Quoted : 28 July 1985

N 16515

#	ITEM	QTY	UNIT PRICE
1	SA-7	50 sets/1-3	159 600 per set
2	12.7mm MachineGun 12.7mm Ammo	60 3 Million Rounds	9 350 each 2 940 per M
3	14.5mm MachineGun 14.5mm Ammo	20 Twin Version 1 Million Rounds	34 000 each 3 570 per M
4	RPK Rifle 7.62X39mm Ammo	300 15 Million Rounds	1 950 each 109 per M
5	60mm Mortar "Commando" 60mm Shells	200 600 000	6 500 each 64 each
6.	82mm Mortar 82mm Shells	50 150 000	7 150 each 105 each
7	RPG-7 Launcher PG-7 Rounds	200 10 000	1 815 each 134 each
8	C4 Plastic HE*		
9.	AKMS Rifles	10,000	155 each

PRICE
FOB [redacted]
Delivery : Immediate availability.
Factory to dockside.
Commercial shipper will deliver to port you designate at normal competitive rates.

* Available: Source will not quote without bona fide offer.
Item under control of separate part of government.
Source guarantees price will be as competitive as the other items on this list.

UNCLASSIFIED

NO EUC REQUIRED
SOURCE SUPPLIES ALL REQUIRED DOCUMENTS AT NO ADDITIONAL CHARGE

UNCLASSIFIED

E X 0235

PERSONAL AND CONFIDENTIAL

Mr. William Casey
Director, Central Intelligence Agency
Langley, Virginia

Dear Bill,

The enclosed list of hardware is available for immediate delivery at the prices indicated. The list was developed in conjunction with a member of the NSC who is knowledgeable of the urgent needs of the United Nicaraguan Opposition with which the US has a continuing interest. The items can be at dockside, ready for shipment within two weeks from the date of a Letter of Credit or the deposit of actual funds.

Due to the fact the funds from Congress will not be available until after September, our bank in Switzerland, will accept a Letter of Credit from your bank and issue a loan for six to twelve months, or as needed. Our bank will fund immediately for the purchase of the listed items, thus providing the equipment that is so desperately needed now while allowing for payment at a later date.

Our banker is prepared to fly to Washington and take care of the Letter of Credit directly with your designated bank. This eliminates all bank tested telexes or paper trails. The loan can be in the name of a corporation of your choice. It is not necessary for our bank to know your identity, only your banker.

Our bank has been exceptionally discreet in processing our transactions in the past. At the close of the transactions, the bank file will only show corporations, numbered items and amounts. No reference will be made of the specific items involved in the transaction, nor of the individuals or actual organizations involved.

Please let me know as soon as possible your desires for our future actions on this matter.

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Yours truly,

Jack

John K. Singlaub
Major General, U.S. Army (RET)
Consultant

DEPOSITION
EXHIBIT 1
SCHWEITZER
4-27-87

1/25

1 Incl: a/s

UNCLASSIFIED

Geo[illegible]
Suite 300, 1819 Pennsylvania Avenue, N.W. / Washington, D.C., U.S.A. [illegible] / Telex 904278 GMT Wash. D.C.
☐ WASHINGTON ☐ [illegible] ☐ TEL AVIV ☐ FRANKFURT ☐ SEOUL

E [redacted] X 270

UNCLASSIFIED COPY

PERSONAL AND CONFIDENTIAL

Mr. William Casey
Director, Central Intelligence Agency
Langley, Virginia

Dear Bill,

The enclosed list of hardware is available for immediate delivery at the prices indicated. The list was developed in conjunction with a member of the NSC who is knowledgeable of the urgent needs of the United Nicaraguan Opposition with which the US has a continuing interest. The items can be at dockside, ready for shipment within two weeks from the date of a Letter of Credit or the deposit of actual funds.

Due to the fact the funds from Congress will not be available until after September, our bank in Switzerland, will accept a Letter of Credit from your bank and issue a loan for six to twelve months, or as needed. Our bank will fund immediately for the purchase of the listed items, thus providing the equipment that is so desperately needed now while allowing for payment at a later date.

Our banker is prepared to fly to Washington and take care of the Letter of Credit directly with your designated bank. This eliminates all bank tested telexes or paper trails. The loan can be in the name of a corporation of your choice. It is not necessary for our bank to know your identity, only your banker.

Our bank has been exceptionally discreet in processing our transactions in the past. At the close of the transactions, the bank file will only show corporations, numbered items and amounts. No reference will be made of the specific items involved in the transaction, nor of the individuals or actual organizations involved.

Please let me know as soon as possible your desires for our future actions on this matter.

Yours truly,

UNCLASSIFIED

John K. Singlaub
Major General, U.S. Army (RET)
Consultant

1 Incl: a/s

DEPOSITION
EXHIBIT 10
SCHWEITZER
5-1-87 fw

GeoMiliTech Consult[illegible]s Corp
1919 Pennsylvania Ave NW Suite 300
Washington DC 20006

UNCLASSIFIED

[illegible] 887-03[illegible]

Quoted : 28 July 1986

E X 271

#	ITEM	QTY	UNIT PRICE
1	SA-7	50 sets(1+3)	159,600 per set
2.	12.7mm MachineGun 12.7mm Ammo	60 3 Million Rounds	9,350each 2,940 per M
3.	14.5mm MachineGun 14.5mm Ammo	20 Twin Version 1 Million Rounds	34,000each 3,570 per M
4.	RPK Rifle 7.62X39mm Ammo	300 15 Million Rounds	1,980each 129 per M
5.	60mm Mortar "Commando" 60mm Shells	200 600,000	6,500 each 84 each
6.	82mm Mortar 82mm Shells	50 150,000	7,150 each 105 each
7.	RPG-7 Launcher PG-7vm Rockets	200 10,000	1,815each 194 each
8.	C4 Plastic HE*		
9.	AKMS Rifles	10,000	155 each

PRICE [redacted]
FOB
Delivery : Immediate availability.
Factory to dockside.
Commercial shipper will deliver to port you designate at normal competitive rates.

* Available: Source will not quote without bone fide offer.
Item under control of seperate part of government.
Source guarantees price will be as competitive as the other items on this list.

6-00036

NO EUC REQUIRED.
SOURCE SUPPLIES ALL REQUIRE[illegible] CHARGE.

UNCLASSIFIED

Ex 3
Graham
5/26/87

E X 273

Conversations with Dan Cummings

1. Confirmed information given by "Patrice" to be correct.

2. Stated that David Duncan had been to the White House and had been assured that General Noriega would release the shipment [redacted]

Several phone calls with David Duncan confirmed:

1. Duncan had been to the White House.

2. Duncan had met with Vince (NSC)

3. General Noriega has agreed to release the shipment.

4. [redacted]

Partially Declassified/Released on 11 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5322

UNCLASSIFIED

28 APR 87

UNCLASSIFIED

FINLEY, KUMBLE, WAGNER, HEINE,
UNDERBERG, MANLEY, MYERSON & CASEY
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
1140 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036

(202) 887-2000
CABLE VERITAS

TELEX 440348
TELECOPIER (202) 466-7554

425 PARK AVENUE
NEW YORK, NEW YORK 10022
(212) 371-5500

9100 WILSHIRE BOULEVARD
BEVERLY HILLS, CALIFORNIA 90212
(213) 550-0100

101 WEST BROADWAY
SAN DIEGO, CALIFORNIA 92101
(619) 231-6700

777 BRICKELL AVENUE
MIAMI, FLORIDA 33131
(305) 371-2600

110 EAST BROWARD BOULEVARD
FT. LAUDERDALE, FLORIDA 333
(305) 527-2800

707 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90017
(213) 612-2100

2301 DUPONT DRIVE
IRVINE, CALIFORNIA 92714
(714) 851-2200

1120 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
(202) 857-4000

444 WORLD TRADE CENTER
401 EAST PRATT STREET
BALTIMORE, MARYLAND 21202
(301) 962-0212

LECONFIELD HOUSE
CURZON STREET, 5TH FLOOR
LONDON W1Y 7FB ENGLAND
1 491-4556

Graham 5/22/87

B

S 0368

April 28, 1987

CON~~FIDEN~~TIAL

BY HAND

Kenneth Ballen, Esq.
Assistant Counsel
House Select Committee To Investigate
  Covert Arms Transactions with Iran
H419 Capitol Building
Washington, D.C. 20515

Re: Barbara F. Studley/GMT --
Memorandum re Oliver North

Dear Ken:

During your telephone conference with Paul L. Perito this afternoon, you requested a copy of the memorandum from Barbara F. Studley's file regarding Oliver North. Please find enclosed a copy of that memorandum which I also am forwarding to Chuck Kerr.

If we can answer any further questions, please do not hesitate to contact us.

Sincerely,

Frank Koszorus

Frank Koszorus, Jr.

5323

Enclosure

cc: Charles M. Kerr, Esq.

1/25/98

UNCLASSIFIED

No Date

UNCLASSIFIED

Oliver North B S 0 369

The following activities in which North played a key role demonstrate either poor judgment or the fact that North was not a real conservative.

[redacted]

G-000368

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5324

UNCLASSIFIED

DENIED IN Total

-2 pages

-B S 0370 - B S 0371
G000369- G000370

UNCLASSIFIED

B S 0 372

[redacted]

Eden Pastora

[redacted] North's policy to terminate Eden Pastora and the southern front in Nicaragua. [redacted]

North cut off Singlaub after Singlaub promised to find help for Pastora. [redacted]

At the CPAC 2 years ago, North sent a message to the conference organizers that the White House did not want

UNCLASSIFIED 313

Pastora to be the recipient of a freedom fighter award. (CPAC gave Pastora an award anyway.)

[redacted]

UNCLASSIFIED

Stenographic Transcript of

ORIGINAL

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

TESTIMONY OF DONALD P. GREGG

Monday, May 18, 1987

Partially Declassified/Released on 19 Aug 87
under provisions of E.O. 12356
by B. Reger, National Security Council

Washington, D.C.

UNCLASSIFIED

3803

ALDERSON REPORTING

(202) 628-9300
20 F STREET, N.W.
WASHINGTON, D. C. 20001

UNCLASSIFIED

TESTIMONY OF DONALD P. GREGG

Monday, May 18, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of DONALD P. GREGG, called as a witness by counsel for the Senate Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 2:10 p.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

UNCLASSIFIED

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

MARK BELNICK, ESQ.
TERRY SMULJANICH, ESQ.
VICTORIA NOURSE, ESQ.

On behalf of the House Select Committee:

RICHARD LEON, ESQ.
CLARK HALL, ESQ.

Also Present:

ALAN CHARLES RAUL, ESQ.
Associate Counsel to the President
JOHN P. SCHMITZ, ESQ.
Deputy Counsel to the Vice President
The White House
Washington, D. C. 20501

UNCLASSIFIED

CONTENTS

WITNESS	EXAMINATION ON BEHALF OF SENATE	EXAMINATION ON BEHALF OF HOUSE
Donald P. Gregg		
By Mr. Belnick	4	
By Mr. Leon		71
By Mr. Belnick	79	
By Mr. Leon		81
By Mr. Belnick	82	

EXHIBITS

GREGG EXHIBIT NUMBER	FOR IDENTIFICATION
1	5
1A	60
2	12
3	45
4	53
5	64
6	67
7	70

UNCLASSIFIED

PROCEEDINGS

Whereupon,

DONALD P. GREGG,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. BELNICK:

Q Mr. Gregg, you are the Vice President's National Security Advisor?

A That's correct.

Q And you have served in that capacity since August of 1982?

A Correct. That's right.

Q You are still in that capacity today?

A Yes.

Q When do you recall first discussing with Felix Rodriguez his interest in going down to El Salvador?

A Probably in late 1984. I don't wish to dispute anything on the chronology. I don't have that in front of me.

Q Let me stop there because I was going to do that. Let's mark as Gregg Exhibit 1 a copy of what I think Mr. Gregg is referring to as the chronology.

A Of 15 December 1986

UNCLASSIFIED

Q I'll describe for the record what I've asked be marked and you can tell me if that's it. It's covered by a press release, Office of the Vice President, December 15, 1986. It's a one-page statement and then a chronology entitled Summary of Contacts with Felix Rodriguez. Is that it?

A That's it.

(The document referred to was marked Gregg Exhibit Number 1 for identification.)

Q The document we are marking bears a Bates stamp N-18753 through 56, and that will be Gregg 1.

You can feel free to refer to that chronology during the deposition.

A So, as indicated in the chronology, it was December 21 that he came and expressed an interest in going down and helping El Salvador deal with the insurgency problem, which he felt was very similar to that which we had encountered in Vietnam.

Q Did he talk with you about the contras at all?

A No.

Q Did he say he had any interest in helping out with that operation?

A No.

Q You introduced him to various people in pursuit of his interest in helping out in El Salvador?

A That's right.

Q And one of those was General Gorman?

A No. I didn't know General Gorman well. I think it was through the introductions that I made to him, which were Tony Motley, Nester Sanchez, and others, that he got to Gorman. But Felix subsequently told me that he met with Gorman. Gorman was very impressed with him, and I arranged to have him flown down to El Salvador to talk directly with people there.

Q Is that the substance of what you recall Felix telling you about his meeting with General Gorman?

A Yes. He said that he was -- and I have talked with General Gorman myself maybe two or three months ago. He is now on a different -- I've forgotten what it is he is doing. But we talked about Felix and his recollection of that meeting jibed completely with what Felix had told me.

Q Did General Gorman tell you that Felix had said his primary interest was in helping the FDN?

A No.

Q Have you ever seen a document in which General Gorman reported that to Colonel Steele?

A I have never seen such a document.

Q But you ha[illegible] discussion with General

Gorman in which he described the meeting the same as Felix?

A That's right. And we discussed Felix' expertise in the field of counterinsurgency and I expressed the point that [redacted] and Gorman said that he knows [redacted] and could help me if Felix decided that he wanted to go out [redacted]

Q Okay. Going down the chronology, after the December '84 introductions the Vice President had a meeting with Felix Rodriguez on January 22 at which you were present.

A That's right.

Q And that was simply to inform him that he was going to help with the insurgency?

A And also to introduce him. The Vice President has said up to being Vice President the job he enjoyed most had been the year that he was Director of CIA. Felix is one of the really extraordinary human beings I know, and I knew how interested the Vice President was in El Salvador because of his trip there in December 1983 where he had spoken against the use of death squads. And I wanted to introduce Felix and I wanted to help in that situation.

UNCLASSIFIED

Q Let me pause on that for a moment. Did Colonel North accompany the Vice President on his December 1983 trip?

A I believe he did.

Q What countries did they visit together? Do you know?

A I would have to check the record. I don't remember. I think -- and this is tentative -- I think we were on our way back from perhaps a visit to Argentina for the inauguration of Alfonsin, but I'm not positive of that, and Tom Pickering was our Ambassador to El Salvador at that time, and he and Ollie North had worked together in constructing this visit by the Vice President.

Q And in addition to El Salvador did the Vice President, to you recall, visit any other Central American countries on that trip when North was with him?

A I'm sorry to be vague. The Vice President has twice visited Honduras and I don't recall whether there was a Honduras visit in connection with the El Salvador trip or not.

Q Do you know if the Vice President and Colonel North saw any resistance leaders during that trip in December 1983?

A Resistance leaders?

Q Nicaraguan resistance leaders.

UNCLASSIFIED

A No.

Q You don't know?

A I would say no, they did not, to the best of my knowledge.

Q Fair enough. Aside from the amendment to the chronology which the Vice President's office has published last week, which we will get to and mark in a moment, the chronology, as amended, remains consistent with your recollection?

A Absolutely.

Q And you affirm it again today?

A Yes.

Q From the time Felix went down to El Salvador until the summer of 1986 -- and let's start the summer as of June, so from the beginning of 1985 through June of 1986, did Felix tell you in any way about his role in assisting resupply or supply of the contras?

A No.

Q At any time during that same period, January '85 through June 1986, did he tell you about his involvement with Colonel North?

A I don't recall Felix telling me about any structured involvement. I was aware that Ollie was traveling down there from time to time. I was aware from some things that Ollie said to me that he would run into

UNCLASSIFIED

Felix and from time to time Ollie would express irritation to me about some things Felix was doing. I now understand what Ollie was talking about.

I did not understand at that point. So I knew that they met, but I did not know that there was any continuing structure to that relationship.

Q What did you understand North's role to be vis-a-vis the contras and the Nicaraguan situation in that same period we've been discussing, roughly the beginning of January '85 through June 1986?

A I was aware that he was involved in what I took to be coordinating, aiding and abetting the informal private network of people who would contribute humanitarian assistance to the contras. There were groups that would come into the White House that one heard about and one knew that Ollie was involved in that. That's what I considered he was doing.

Q And what, Don, did you understand to be the nature of his involvement with these private fundraising groups?

A I didn't really have a clear sense as to what that was. I knew that he was very interested in Central America. I knew from his role in setting up the Vice President's trip in 1983, I knew he was interested in trying to keep the contras afloat during what was seen as

UNCLASSIFIED

SECRET

a sort of hand-to-mouth period. But beyond that I did not have a clear sense of what he was doing on a day-to-day basis.

Q Now through June of '86 did you know whether he had any involvement with the contra resupply operation?

A "He" being North?

Q Colonel North.

A No. I was out of the country for a fair part of June '86.

Q And you didn't know at any time prior to June '86?

A No.

Q Now in August of 1986, according to the chronology, on August 8 Felix Rodriguez came to you with certain concerns; correct?

A That's right.

Q And there was a meeting held on August 8?

A Right.

Q Among you, Felix, and Sam Watson.

A Yes, that's right.

Q How was that meeting set up?

A I had a call from Ollie North two or three days earlier expressing concern about Felix and saying in effect that he thought that Felix had made off with an

UNCLASSIFIED

SECRET

airplane. So that gave me pause. And he said you're the only one who can control Felix. Will you call him and find out what the hell is going on?

I called Felix and I don't have a date for the call. But, anyway, I called him and said, Felix, do you know anything about a stolen airplane. And he sort of laughed and said, well, I know what you're referring to. And he said, I'm going to be coming up to Washington shortly. He said, I've got some things I want to talk to you about.

So he came up and the meeting of August 8 resulted.

Q Did he have a private session with you before this meeting once he arrived in Washington?

A No, I don't think so. I think he came into my office and the three of us met.

Q Okay. You took notes at that meeting?

A I did.

Q Let me mark those notes so you can have them. And also there's a description of the meeting in Gregg Exhibit 1, the chronology.

Let's mark these notes Gregg Exhibit 2.

(The document referred to was marked Gregg Exhibit Number 2 for identification.)

For the record, they bear our Bates number stamp N-22450 through 452. They are three pages of handwritten notes on the Office of the Vice President stationery, headed Felix - 8 August 1986. Don, these are your notes?

A They are.

Q And you made them during the meeting with Rodriguez on August 8, 1986?

A Right.

MR. RAUL: Mr. Belnick, have you got a copy of those notes for us?

BY MR. BELNICK: (Resuming)

Q You can feel free to refer to those notes, but why don't we start, Don, by you giving us your best recollection of what occurred at the August 8, 1986 meeting? This is in your office?

A In my office.

Q Watson, Rodriguez and you?

A Right.

Q Okay. Shoot.

A Felix came in and said, Don, I really hate to tell you this, but, he said, there are some things going on that--I've forgotten. I think he made a reference to Watergate, saying that this could be -- Ollie is using some people who are tied in to Ed Wilson.

Now I ought to explain that as former Agency people Ed Wilson is to Felix and me an absolute bete noir. He is one of a very small group of people whom we consider to have turned absolutely bad and the people who would have supported him would be people that Felix and I would disapprove of thoroughly.

So the first thing in my notes is "using Ed Wilson group for supplies". Now the unwritten word is Ollie North there. Then Felix went on to say, Ollie asked me to help get a contra plane repaired. That was the only sort of thing that he said that indicated that he had a specific sort of organizational tie to what was going on.

Q "He" who?

A "He", Felix. He then said that Rafael Quintero, who was known as Mr. Green --

Q Let me stop you there. Who did he say had given Mr. Quintero the name Mr. Green?

A He didn't say.

Q He just told you that that is how Quintero is referred to?

A Yes.

Q By whom?

A Well, I took it -- I mean, Felix himself I knew by that time was using the name Max Gomez, and I assumed that perhaps some of the people [redacted] [redacted] used aliases. Quintero is famous or infamous. The Cubans have very hostile feelings toward him. I assumed that this was an alias that he used for his own protection.

Q How had you learned that Felix was using Max Gomez as an alias?

A I think he had told me and I had -- I think he told me. Sam Watson may have told me; I don't remember.

Q Okay.

A So he then explained his relationship with Quintero and he said that he, Quintero, was also close to Tom Clines, a man that Felix had known in the Agency, used to a friend with him, but they split over Libya. And that was the Ed Wilson case, where Clines was very supportive of what Ed Wilson was doing in Libya and Felix was thoroughly disapproving of that and they broke off their friendship at that point. I can't put a date on that.

Felix then said a swap of weapons for money was arranged to get aid for the contras and Tom Clines and General Secord were tied in. That was the first time I had heard of Secord's name.

And as an example of the kind of thing he was concerned about, he said that old hand grenades were being bought for $3 and sold for $9, and he cited that as an example of the kind of ripoff he felt was taking place.

Q Don, let me ask you did he explain what he meant by his statement, as you have recorded it, that a swap of weapons for money or dollars had been arranged to get aid for the contras?

A I took that to mean that the proceeds which were coming from the public donations, et cetera, that I knew was going on had been effectuated and that the money was being used to purchase in this case hand grenades.

Q Okay.

A Felix then said that he was very fed up with the way this group was operating, that he had planned to quit in May. We were aware that he had had a lot of trouble getting parts for the helicopters he was using in El Salvador. He'd had a pilot killed because he hadn't had armor plating in the seats. A number of the helicopters were grounded. He had been working through Sam Watson and me to try to expedite getting parts.

So when he said he planned to quit in May I took that more as discouragement over our inability to support him in his El Salvador operations than in his other relationship, which I didn't know about at that point.

He then began to talk about Dick Gadd, who had been brought in as a purchasing agent. He said that he'd been responsible for buying the first Caribous, which he bought at a big profit.

Q I'm looking at your notes. "Dick Gadd" --

A "Purchases things".

Q -- "purchases things. Got first Caribou, big profit" -- paid a good price for it?

A No. I think Felix -- well, Felix -- I took that to mean that what Gadd had paid for the aircraft and what he charged on the books had been different, whatever books there were. Then Tom Clines, he said, is getting money from [redacted] or whoever. Felix, he wasn't sure where the money was coming from. That was the only foreign source that he mentioned.

And then he says "buying things at great profit", again that Clines was purchasing things for a certain price. An example of that were the hand grenades. Then my notes say he hired pilots for Qadhafi with Wilson, which is one of the things Felix -- had caused him to break with Clines.

Then he said Bob Dutton had been brought in as a manager for the project. And what did he mean by "project"? I assumed again it was whatever organization had been set up to administer the aid from the volunteer contributions. And he said he'd been brought in after a flap. I did not ask what the flap was.

And he and Felix got into a conflict, I think again over the quality of equipment or the prices being charged. And then Dutton tried to set up a paper organization to sell to CIA, and this was one of the major concerns that Felix had at this meeting, that these people, all of whom he considered to be very corrupt, might be hired by CIA, which as of August 8 was getting geared up to administer the $100 million which Congress had at that point authorized to start on October 1.

Then he said CIA had said no to this plan, had indicated that they weren't at least at that point going to buy it. And then Felix voiced a second concern, which was that the people involved in this organization said, well, we'll keep what we have and sort of take the money and run.

Q The people involved being the names he gave you --Secord, Gadd, Dutton, the others?

A That's right. Then, as an example, he said that Gadd had made a $20,000 profit on a piece of communications gear.

Q Which he called another ripoff, according to your notes.

A Yes, that's right. He also said there was a ripoff on two workers. He was making a profit of $650. I don't know whether that was profit or what he was charging. I didn't record.

Q "He" being Gadd?

A "He" being Gadd. Then, getting back to the supposed stolen airplane, Felix said the C-123 had been sent as a donation to the contra cause [redacted]

Q [redacted]

A [redacted] That plane was sitting in Miami loaded with medicine that Felix got from the mayor of West Miami, and that means IVs, intravenous, and some spare parts. [redacted] [redacted] asked the Mayor of West Miami to come in to a contra base and Southern Air Transport, who were contracted by Felix, said that the plane was okay to go.

Felix called Jim Steele to get concurrence there. Steele apparently said okay, but Rafael Quintero had said no, you shouldn't fly it back, and apparently that had been the cause of the flap.

Quintero, according to Felix, said that the operations were finished and that it was going to be dissolved, [redacted] was very angry, felt that the plane was a donation, had been told so by Ollie, according to Felix, and the C-123 and two others were held [redacted] Colonel Steele would not release the planes to have them flown away because he feels, as Felix does, that these were planes that had been donated.

[redacted] told Felix that he felt U.S. credibility was at stake. He felt that the resupply organization had been essentially a money-making process. He feels the three planes belong to the contras. [redacted] if the planes were pulled back [redacted] would be angered and would close the base down and not let any of those activities continue.

And then I wrote, in a different pencil, I guess afterwards, Felix can get [redacted] to release the planes if he's convinced that the operation will continue. So I think that meeting took place at 9:30 in the morning. Felix had to get back down to El Salvador, but he asked me to pass along these concerns to the appropriate people, which I agreed to do.

Is that enough?

Q Well, if that's all, then that's enough.

Did you say anything to him beyond agreeing to pass along his concerns?

A Well, I certainly reacted very negatively to Tom Clines' name. I said that I had not understood Ollie's call very well, that I now understood what the concern had been and I was, I think, certainly disapppointed and angered and amazed to hear all of this. And I said I will certainly get the appropriate people together and see that something is done.

Felix had two concerns, just to repeat, one that these people might pretty themselves up and be hired by the CIA or, two, that they would pull themselves back from the operation, thereby leaving a hiatus between early August and the first of October where nothing would go to the contras.

Q Is it the latter concern which is reflected in the typed chronology for August 8, 1986, Gregg Exhibit 1, that the informal contra supply organization which then existed might not survive?

A That's right. You see, I was at that point, concerned that I not be a part of spreading information on other American citizens of a derogatory nature that I had heard on a secondhand basis.

Q You mean at the time the chronology was prepared?

A That's right. I knew I was going to testify

UNCLASSIFIED

to the FBI. They came in 17 December, something. I have that in my notes in your briefcase, Alan. So I knew I was going to have a chance to give all of this information to the proper authorities at that time, and I didn't want to in a public document get into accusing Americans of something that I had no direct knowledge of.

Q Did you ask Felix any questions about North after he told you that North was involved with these people and was using people associated with Wilson?

A No, I did not. I had assumed that Ollie would come to whatever meeting I pulled together the next week. He did not, in fact.

Q Do you recall calling up to North's office during this August 8 meeting and asking for Ollie to come down?

A Yes, I might have. You know, now that you ask me, I might have, but I would not have recalled that if you hadn't asked me.

Q Let me see if I can refresh your recollection. Do you recall making that telephone call and upon finding that North was not out asking Bob Earl to come and join the meeting, which you then did?

MR. RAUL: Excuse me. You said upon finding that North was not out?

BY MR. BELNICK: (Resuming)

UNCLASSIFIED

Q That North was out, asking Bob Earl to come join the meeting, which Earl did?

A Now are we still talking about the 8th?

Q Yes, sir.

A I am really fuzzy on that because I know that Earl came to the 12th.

Q You don't place him at the 8th?

A I do not place him at the 8th. Now, you know, Sam or Felix might have a feeling of that, but, you know, if that's true, then our chronology would need to be augmented because as of now and when we put this together, Sam's and my recollection was that there was just the three of us.

Q I think it's fair to say that both Rodriguez and Earl recall Earl being there, but your recollection governs your testimony.

A Well, as I say, I'm very fuzzy on it and I know he was there on the 12th, but I would not have placed him there on the 8th.

Q Okay. Now you mentioned notes in Alan's briefcase. Are they private notes or are those notes for production here?

A No. It was a card on which I had put down the date of my testimony to the FBI.

Q I'm always looking for more documents. Alan

UNCLASSIFIED

doesn't supply us with enough. What did you do after that meeting in furtherance of the concerns or furtherance of airing the concerns that Felix had raised?

A Well, I knew at that point that there were four things going on down there. One was the humanitarian effort, the $27 million that was being administered by the State Department. Two, [redacted] Three, there was the informal support network which Felix indicated he was involved in, which I knew Ollie had been involved in. And fourth there was CIA getting geared up to administer the new $100 million.

I didn't know which of those four activities, what Felix had described to me tied in specifically. So I tried to get somebody from every organization to be certain that the concerns that I was going to voice would go to an organization with provenance or responsibility in those areas. So I called State and, as luck would have it, Ambassador Corr was in town and he came over with the Deputy Assistant Secretary of State.

Q That was William Walker?

A William Walker. I called CIA and got the officer who was in charge of setting up the organization to come over.

UNCLASSIFIED

Q [redacted]

A

Q When you say "setting up the organization", what organization?

A Well, he was, I knew, in charge of -- see, it had been decided that CIA was going to have sway over the $100 million, and he had been given the responsibility of setting up the CIA organization that would administer that and support the contras with those funds.

Then I also knew that Ollie North's office was tied in, so I invited him to come. I don't know whether he was out of town or in town, but he did not come, but he sent Bob Earl.

Q Ray Bur~~k~~ghardt also attended?

A Yes. Ray Bur~~k~~ghardt also attended from the NSC, and Sam Watson, I remember, commented to me afterward that that caused some annoyance on the part of Bob Earl because Earl made the comment that, you know, Bur~~k~~ghardt doesn't know anything about this and shouldn't know anything about it.

Q Who invited Burk~~h~~gardt?

A I did.

Q Don, you said -- and I just want to make sure I understand it and that the record is clear -- a few moments ago the four subjects, and when you got to North you said North's involvement, which I knew. Did you have any knowledge about it aside from what Felix told you on August 8?

A Well, I had that knowledge plus what I had observed by just being in and around the White House. But I did not have any more detailed knowledge.

Q And my understanding -- and if I'm wrong, please correct me -- of what you said you had observed around the White House was that Ollie was involved with private fundraisers, the Channell types and so forth?

A That's right.

Q But not anything beyond that that would have indicated to you at least prior to August 8 that North was involved in contra resupply in any way?

A That's right. Well --

Q Or was there?

A Well, the one other thing which comes to mind is the videotape which I think I mentioned. Haven't I mentioned? I've mentioned that in one of my depositions.

Q Why don't we put it on the record?

A That Ollie at one time showed in the situation room a videotape taken at the contra camps. Also, it seemed to show airplanes taking off and bundles being kicked out and contras receiving them. It wasn't clear what was in the bundles, but this was nothing that Ollie was hiding. And I also took that as the fruits of the informal supply network that I knew he was involved with.

Q That's where I'm getting confused. You say the informal supply network you knew he was involved with. Tell me what you mean by the "informal supply network".

A Well, I knew that there were American citizens who were willing to contribute money for humanitarian aid to the contras and he was involved in that.

Q Now did you know that any of those groups was involved also in supplying lethal aid to the contras?

A No, I did not.

Q And, keeping it prior to August 8, did you know that North was involved in helping facilitate the supply of lethal aid to the contras in any way?

A No.

Q When did he show this videotape?

A I can't remember when it was.

Q Who else was there?

A I think it was shown to most of the members of what they call the Office Directors Staff Meeting, which is held at 7:30 in the morning every day in the situation room.

Q Who typically attends those? Let me make it more specific. Who do you recall having attended that videotape showing, and if you can't say specifically then answer by telling me who generally attends those sessions?

A Well, it was the ten or 12 senior people on the National Security Council staff. I recall Ollie saying that he had such a tape and after the meeting broke up several of us hung around. I didn't watch the whole thing. I just watched the beginning and then left.

Q Do you remember who else was there?

A No, I don't.

Q Did Ollie tell you where he got the tape?

A I gathered that it had been made certainly in Central America, but he did not tell me where he had gotten it. I think he also said that it was being used as an aid, an adjunct to the fundraising among the American groups with whom he was meeting.

Q Now tell me what happened at the August 12, 1986 meeting.

A Well, I went over the notes with the people who were there. I specifically remember cutt~~t~~ing back on Felix's rhetoric. I did not make any references to Watergate. I also said that it was my feeling that Tom Clines was not a reliable person, that I had known Felix for many years. I felt that he had a very good sense of integrity, that if he was concerned about these things he had a right to be concerned. I expressed my admiration for Jim Steele, who he said felt just as he did.

And the only specific reaction that I remember, other than people saying thank you very much, we will look at this, was from CIA or [redacted] saying thank you. We know about these guys and in effect we had no intention of hiring them anyway.

Q Do you recall that Jim Steele was at the meeting on August 12, 1986? I know he's not listed in the chronology, but do you recall that he was there?

A He might have been, now that you mention it, but we don't have him listed.

Q He thinks he was.

A Okay.

Q But you don't have a specific recollection?

MR. LEON: He might have been there with Corr.

THE WITNESS: Yes, he might well have been there with Corr because they frequently did travel together.

BY MR. BELNICK: (Resuming)

Q But do you recall him being there, as you sit here now?

A It's hard for me to differentiate between your planting the seed and my recollection.

Q Up until I mentioned it, you hadn't recalled

it?

A I hadn't recallled it.

Q But as I mentioned it it strikes --

A It certainly could be possible.

Q Did you take any notes at the meeting?

A No, I did not.

Q Did anybody that you saw?

A I don't recall that anybody did.

Q Did you mention at this meeting that Felix had told you, or what Felix had told you of North's involvement with these people?

A No, I don't think I did. I think my concentration was on what these people were doing, the profit that was being made, the confusion about who owned the airplanes, the quality of the airplanes, the quality of the equipment.

Q Now did you report any of this to the Vice President?

A I did not.

Q None of what Felix told you?

A None.

Q What was the reason you decided not to make such a report?

A Well, I felt that it was a very murky business. I spend a great deal of my time trying to send things to the Vice President that I think are really Vice Presidential. I try to keep him focused, help him keep focused on arms control or Mideast peace or things of that nature. We had never discussed the contras. We had no responsibility for it. We had no expertise in it. I wasn't at all certain what this amounted to.

I had the names of four or five Americans on an obscure air base in Central America who apparently were ripping off donated funds and making unseemly profits. I felt I had passed along that material to the organizations who could do something about it, and I frankly did not think it was Vice Presidential level.

Q Did you confront North about his role?

A No. I didn't see Ollie for some time after that. This meeting was on the 12th of August. I went on leave on the 14th. I came back, I think, on the 19th. I had major surgery on the 21st, and was out of the office until the 3rd of September.

Q Before you left or after you returned on the 3rd of September did you try to see Ollie and talk to him about what Felix had told you of his role?

A No, I didn't because my feeling had always been with Ollie, as I saw him working as hard as he did and spread as thin as he was, was that he was stretched very thin and my assumption had been that he had gotten some people involved, thought they were doing a job, but was not in a position to really exercise quality control over what they were doing.

Q Now you said that when Felix mentioned names like Ed Wilson and Tom Clines to you he knew that they would sound an alarm in your mind.

A That's right.

Q And they did?

A That's right.

Q Because of the involvement with Libya, and that you and Felix were both former Agency.

A Right.

Q So that was an important matter when he told you that they had become involved in the contra resupply?

A Well, certainly Tom Clines. I didn't know Secord. The only two names that set off bells in my mind were Clines and Wilson, and Clines because of his involvement with Wilson. I felt that Clines was certainly a man capable of corruption, so when I heard of his involvement I thought, well, there is a chance that there is corruption here.

Q And Ollie North was involved with those people?

A Yeah, but I did not and do not and would not assume that Ollie was any part of corruption. My assumption was that I was doing him a favor by alerting him to something that he did not know about. Now that was naive on my part, but at the time that's what I thought I was doing.

Q On the other side of the coin, you knew from Felix that this operation was involved in getting lethal assistance to the contras.

A I did after he mentioned hand grenades.

Q Hand grenades. He also told you, as your notes reflect, that proceeds, dollars, had been swapped for weapons, correct?

A Yes. The only specific weapons were hand grenades.

Q That's not humanitarian aid.

A Right.

Q And then North was involved with a group that was at least doing that, I take it. Let me strike that.

Don, you didn't conclude from what he told you that the only weapons that this private supply group was supplying the contras with was hand grenades?

A No. That's the only one he mentioned.

Q But it would have been your assumption, wouldn't it, that there were other weapons they were supplying, too?

A I would have thought certainly ammunition.

Q Lethal as opposed to humanitarian aid?

A Right.

Q What I'm trying to probe, then, is, with all respect here, you're told on August 8, 1986, that there is this group, unsavory to boot, which is supplying lethal aid to the contras and North is using these people. North is involved with the group, right?

A Um-hum.

Q And North is a member of the staff of the National Security Council, correct?

A Um-hum.

Q The Vice President is a statutory member of the National Security Council, correct?

A Um-hum.

Q There is still a law in effect, at least until the next one kicks in, that bars this kind of activity, the Boland Amendment that has restrictions at that time. Didn't that strike you as a matter that was of some serious import?

A I had no sense at that point, nor do I now -- and maybe that's from an insufficient reading of the Boland Amendment -- I had no sense then nor do I now that anything I had heard was, ipso facto, against the law.

Q I'm not asking you for a legal opinion, but did you believe, leaving legal opinions out of it --

well, let's not leave legal opinions out of it. As of that time, had you ever received a legal opinion that members of the National Security Council staff were exempt from the Boland Amendment?

A No.

Q Had you ever received any legal opinion on the Boland Amendment and what it applied to and what it didn't apply to?

A We were aware that the Boland Amendment was a moveable feast, that there had been various versions of it, that the CIA had been authorized, for example, [redacted] that that had been briefed to the Boland Amendment. So I had no sense of illegality. I had a sense of corruption, which is what I thought I had taken care of by the meeting on the 12th.

Q But corruption is pretty important as well.

A Right.

Q Especially when the man involved with the corrupt, wittingly or not, and you had no reason to believe it was wittingly, is a member of the National Security Council staff.

A Okay, and his deputy attended that meeting, Bob Earl, and I knew Bob Earl, Rhodes Scholar, very bright guy, and I think I said to him at the end of the meeting, Bob, I assume you will pass all of this along to Ollie. He said, I certainly will.

Q What about Ollie's superior? Earl was junior to Ollie, right?

A Yes.

Q What about getting the word to Ollie's superior?

A Until I had had -- that's not the way I operate. If I see something that is questionable in the way somebody is going, I go to him and I say I think this is something you ought to know about, and I tried to do that with Ollie. It's just not my way to go running to his boss and say, hey, I think your guy's up to something.

Q So let me understand now, to go back to Boland and the restrictions. At the time, August of 1986, did you think, leaving legal analysis aside, did you think at that time that it would have been permissible for a member of the staff of the National Security Council to facilitate the provision of lethal aid to the contras?

A As long as the funds were private the flag of illegality did not arise in my mind at all.

Q So if a member of the National Security Council staff was directing lethal aid down to the contras but not paying for that lethal aid with government funds, in your mind that would have been okay?

A I had no question. The question of illegality did not arise in my mind.

Q And that was permissible, as far as you were concerned?

A Yes.

Q Had anyone ever told you that?

A No. There had been various exchanges of a jocular nature in the ODSMs about how busy Ollie was and about all of the things that he was doing, and he would refer to, in a jocular sense, to the fact that my lawyers tell me, you know, I'm all right -- that kind of thing.

Q Did Ollie ever tell you who those lawyers were?

A No.

Q And you never saw such an opinion, did you?

A No.

Q What is ODSM, for the record?

A Office Directors Staff Meeting.

Q The same kind of meeting at which he showed the tape?

A Yes.

Q Do you recall -- let's go back to August 1985. Was it your opinion there, as well as it was a year later, that as long as government money wasn't paying for

UNCLASSIFIED

the lethal assistance, if an NSC staff member was involved in getting lethal assistance down to the contras or otherwise giving them military assistance that would be okay?

MR. RAUL: Let me interject for a second here. I don't believe Mr. Gregg testified that it was his opinion in 1986 that it was legal. I think that Mr. Gregg testified that it didn't raise a red flag of illegality when he heard about these matters.

MR. BELNICK: Well, Alan, the record will speak for itself and Don can speak for himself.

BY MR. BELNICK: (Resuming)

Q In August 1985 --

A Apropos of what?

Q Was it your view, if you had heard the same thing in August 1985, that Ollie was involved in facilitating a network that was supplying lethal assistance and under your assumption the money for that lethal assistance was coming from outside the government, it would have been okay?

A Yes.

Q I'm just asking. I want to set it in context. Do you recall that there were Congressional inquiries in August of 1985?

A No.

UNCLASSIFIED

Q Do you recall that Congressman Barnes, Congressman Hamilton, and I think two Senators as well wrote letters to Bud McFarlane in that month, I believe, of August 1985, based on news articles which contained allegations that North was involved in these kinds of activities, among others; do you remember that?

A No.

Q You weren't involved in collecting the answers to that?

A No.

Q And you never saw any of the answers?

A No.

Q Do you remember, going forward now a year back to August of 1986, that in that same month that you were advised that Ollie was involved in these kinds of activities that there was a resolution of inquiry in the Congress about North raising assertions that he was involved in this kind of activity?

A A resolution of inquiry?

Q Yes.

A No.

Q And you do not recall hearing at that time that the Congress was, again in August of '86, looking into just these sorts of questions?

A No.

UNCLASSIFIED

Q Now I want to understand something else. You used the term that you'd only report to the Vice President -- and I can understand that -- that which you considered Vice Presidential material, right?

A Right.

Q The Vice President had previously been Director of the CIA?

A Right.

Q So am I right that the same news about Wilson and Clines would have set off bells in his mind as well, if for no other reason than his involvement as the Director of the Agency?

A Yes, probably so.

Q That did not obviously, though, change your view about whether he should know?

A No, it did not.

Q You said you had no expertise in contra operations. By "you" I guess you meant the Office of the Vice President.

A That's right.

Q That was another reason the Vice President was not informed?

A Well, we had never discussed it. With Felix -- I had never discussed it with him. It was just nothing in which I had any competence or felt he had any

UNCLASSIFIED

competence.

Q Did you feel that the Vice President had any competence in the El Salvador situation?

A He had a stake in it because he had gone down and in one of the most difficult meetings I have seen him conduct he spoke against right-wing death squad activity to the entire military establishment of El Salvador. He was a great admirer of Duarte who subsequently was elected, so he had a stake, I felt, in that country.

Q But he felt likewise, didn't he, about the Sandinistas?

A Yes. He's always been against the Sandinistas. He feels they are what they say they are, a Marxist hardline dictatorship.

Q And he's made that clear in public statements as well?

A Right.

Q Now what I'm wondering is what distinguished Salvador from the contras in terms of a willingness to bring Felix Rodriguez to the Vice President and tell him about Felix's interest in helping out and so forth, why again is that Vice Presidential material but when Felix comes and tells you that the contras are being ripped off by a band of thugs who are involved with Ollie North, a member of the National Security Council staff, that's not

Vice Presidential material.

A Well, I didn't know at that point that they were involved with Ollie North. All I knew was that it sounded as though there was some ripping off going on at [redacted] air base.

Q Well, you told me that he said to you that Ollie was using some people like that, that he invoked the word "Watergate", and when we look at the note you say what's missing from your notes is the word "Ollie". So if it was there, it would say Ollie using Ed Wilson group for supplies, et cetera.

A Okay. Still, my feeling about Ollie is that he was doing far more than any one man should do, that he went out, having been given a broad mandate. I mean, he was charged with trying to get the hostages released. He was in charge of trying to keep the contras afloat. He went out into the world, found people who were ready, willing, and able to help, and they were not the best people, and that he was not in the position to exercise quality control.

So when you say he was involved, I had no sense that he was involved in corruption. I had the feeling that he had set up something which wasn't working out as he would have wished and that I was, as I say, doing a favor to him in alerting him to it.

Q Did you know who had authorized Oliver North to use or set up this kind of resupply network?

A Not specifically, no.

Q Did you have any knowledge?

A Well, one sensed from what he said in the morning staff meetings that what he was doing was known certainly by Bud McFarlane and John Poindexter, that he was trying to rally private support to keep the contras afloat.

Q When he talked about the proceeds at the August 8 meeting -- "he", Felix -- of funding having been swapped for weapons, you told me you understood him to be referring to the dollars that had been raised by the private benefactors; correct?

A Yes.

Q Did you know at that time that the private benefactors had been contributing to tax exempt foundations?

A No.

Q Don, when was it that Felix Rodriguez first told you -- let me strike that and we'll come back to it. Did Felix tell you what his role was vis-a-vis this private supply network as of August 8, 1986 other than the plane being repaired?

A No, he did not, and I assumed -- I mean, I've never been [redacted] but I assume it's not the biggest air base in the world. I assumed that planes were going in and out. [redacted] He had gotten to know these people, [redacted]

Q When did he first tell you that his involvement was more than that -- "he" being Felix Rodriguez?

A Yes, "he" being Felix Rodriguez. My recollection is that it was not until December.

Q And tell us what you recall happening then -- early December?

A No. I think it was probably mid to late December, after the chronology had been put out, and it was obvious that what was happening was developing a lot of notoriety. And Felix called me to indicate that he was terribly sorry that this might cause some difficulty for the Vice President or for me. He was very emotionally upset. And at that point was the first time that he told me in any sense that I recognized that he had been formally asked by Ollie to help and then asked by Ollie not to tell me about it.

Q What specifically do you recall he told you?

A It seems to me -- didn't we turn over a small piece of paper with a scribbled note on it that I made on the basis of --

MR. SCHMITZ: We have turned it over to White House Counsel.

MR. RAUL: In fact, we wanted to bring some documents that are in process in our shop to your attention here at this deposition.

MR. BELNICK: There's not time like right this second.

MR. RAUL: Why don't we go off the record?

(A discussion was held off the record.)

MR. BELNICK: Let the record show that I have just marked as Gregg Exhibit 3 a one-page document that was just handed to me off the record by Mr. Raul, which appears to be a copy of a handwritten note that starts "September '85" and then some typing.

(The document referred to was marked Gregg Exhibit Number 3 for identification.)

BY MR. BELNICK: (Resuming)

Q Don, why don't you describe Gregg Exhibit 3 and tell us what it is?

MR. RAUL: If I could just state for the record, we are providing these documents during the course of this deposition in advance of the regularly-scheduled production that we will be making both to the House and the Senate Select Committees. The routine production of these documents should be later this week, perhaps tomorrow, and because of Mr. Gregg's deposition today we brought these documents over to provide to the Committee today.

MR. BELNICK: Okay.

BY MR. BELNICK: (Resuming)

Q Don, what is this document, Gregg Exhibit 3?

A Well, it is a note which I took during a phone call which I placed in mid-December in which I guess it became clear to Felix that there was going to be a continuing hue and cry about the entire affair. He called and said that he had received a letter from Ollie in September.

Q Of 1985?

A Of 1985, and that this had been the start of his involvement and, as he told me this, Felix became very emotionally upset and said I truly hope that I have not caused problems for you and the Vice President. And the unsaid thing, I think, was not telling us before that he had been involved by Oliver North more directly in the contra support effort.

Q What did he tell you the letter said, the letter of September 1985?

A He did not get specific except to say that he asked me to aid and assist in the effort.

Q In what effort?

A Well, in the effort to support the contras.

Q Did he tell you why North had asked him to keep it a secret from you?

A Not at that time. I think it was -- Felix recalls Ollie telling him in Washington don't tell the people on the second floor about this, meaning my office.

Q Why not? Did you understand why he didn't want you told?

A Well, I was in the process of learning a lot about Ollie that I didn't know at that point, and I would say it is a consistent pattern of Ollie's to keep things very heavily compartmented.

Q Did Felix, though, give you any understanding of why North had wanted Felix's help with the contra support effort under Ollie's direction to be a secret from Don Gregg?

A I have some assumptions on that.

Q What was your understanding?

A I think that both the Vice President and my office have a reputation for being sort of orderly, process-oriented people, and that had I known of what Felix was involved in and had I known then what I have come to know, I would have expressed some concerns about it.

Q Why?

A Well, because that would have raised the question of possible illegality, which did not come up in my mind by just hearing about what I took to be external observations voiced in August.

Q Well, you've got exactly what's on my mind, and what I'm trying to understand is what about that, the additional material you learned, would have raised the question of illegality, to use your term, that was not raised for you in August when Felix made his disclosures on August 8?

A It's hard to answer that kind of question, to recall what you knew at the time.

Q I understand.

A So that in terms of what I knew in mid-December was an awful lot more.

Q What are the additional facts? I understand that it's hard to say what you didn't know in August. But what are the additional facts that you had in December or thereabouts?

A Well, the main fact would have been the diversion of funds from Iran, about which I had absolutely no clue in August and didn't have a clue until

I heard Ed Meese describe it in the broadcast.

Q And Felix didn't talk to you about that?

A Absolutely not. He didn't know himself.

Q So, taking away the diversion, is there anything that Felix told you about North's role in December that was different than what he had told you?

A No. Any change of information that I had had come not from Felix but from what I had learned in Washington.

Q So the only new thing that Felix told you really was that he had been told, A, to keep secret from you that, B, he was doing a lot of things under North's direction.

A Right.

Q Now had the FBI spoken to you before Felix did, asking for Felix's telephone number or whereabouts?

A I think so. I mean, Felix is in close touch with the FBI. I mean, Castro has sent people after Felix twice and Felix works very closely with the Bureau, and the Bureau knows exactly where Felix lives. Now I testified or I talked to the FBI sometime in December. There's a note. I can give you the exact date.

Q I would like to have the date, if we could.

A And I've got the name of the people I talked to [redacted] on December 15 at

10:00. And I told them about the 8 August meeting, but I did not give them the names of the people, because, I said, look, this I guess comes from my sensitivity as a former Agency employee about passing on derogatory information about U.S. persons.

And I said Felix is prepared to tell you everything. He's got the names of some people that he feels were involved in questionable activities and he will give you those names.

Q Your conversation with Felix in December, as best you recall it, came after the December 15 conversation with the agents?

A I think so. You know, I can't swear to that, but I think it did.

Q The note you made of your conversation with Felix in handwriting, which is part of Gregg Exhibit 3, is that the only note you recall taking of the conversation?

A Yes. Yes. And Felix called me quite often and frequently it was what I would call sort of combat catharsis. He used to do the same thing in Vietnam. He would come back from an operation in which some people had been lost and he would tell me about it, and he would do the same thing from El Salvador. I very seldom took notes. I did take a note of that because it was so stunning to me.

Q What was so stunning?

A Well, the fact that Ollie had formally recruited him into this and that Ollie had asked him not to tell me about it.

Q The note, however, is simply a note about the September 1985 letter from Ollie, was first tie to contra support.

A Right.

Q And that's really why I was asking because the stunning part, as you describe it, isn't in this note.

A That's right. That I would never forget. I wanted to put down the time frame of the thing. Now I found that, funnily enough, this note in the pocket of a suit that I apparently wore in December and I didn't find it. It was a particular heavy suit, and I didn't find it until several weeks later.

Q And when did you find the note, April 13, 1987; or is that when you signed this exhibit?

A That's when I signed the exhibit. But we were going through an extensive document search at that point in response to the Special Counsel, and it was about at that time that we found that.

Q Around April 13, 1987?

A Something like that. When were we doing our

UNCLASSIFIED

search?

MR. SCHMITZ: The first two weeks of April.

BY MR. BELNICK: (Resuming)

Q And you found the note in a suit pocket?

A Yes.

Q Just crumpled up in the pocket?

A Yeah.

Q And again that note had been taken sometime in mid-December of 1985?

A That's right. That's why I can't date it more specifically.

Q You had a lot of phone calls, as you've told us, in the past with Felix during the period that he was down in El Salvador.

A That's right.

Q Am I correct that you didn't take notes of any of those?

A No, I didn't. Well, I can't say I never did. I mean, if he talked to me about a specific helicopter part that he was anxious, or, you know, occasionally I would note a fact, but as a matter of record, normal procedure, I didn't.

Q Did you report to the Vice President on any of Felix's calls to you?

A Yeah. I reported, I think, in some of the

UNCLASSIFIED

other documents. There was a DIA report of his big success, the one that he described and wrote a long letter to me about, and if he called and said he'd had a particular success, I might mention that to him, because the Vice President had been so struck by him, just as I had been.

Q Let's mark as the next exhibit, Gregg Exhibit 4, this document, also produced a few moments ago by Mr. Raul. And it is four pages, the first page of which is dated May 14, 1987, To Whom It May Concern, signed Don Gregg. And there are some additional pages attached.

(The document referred to was marked Gregg Exhibit Number 4 for identification.)

Don, let's take the pages the last page first of Gregg Exhibit 4. There's a schedule proposal dated April 16, 1987. Who is Debbie Hutton?

A Debbie Hutton was head of the Vice President's scheduling office.

Q And did you initial this memo?

A I did not. That is the initials of my secretary, Phyllis Byrne -- the handwriting of my secretary.

Q Who wrote the document?

A She typed it up in conjunction with, I assume,

UNCLASSIFIED

Colonel Watson.

Q Who dictated it?

A That is a matter that is unclear. Phyllis normally produces these schedule proposals, and she's very good at doing it, based on what we knew of the purpose of an upcoming meeting. The thing that we cannot establish is where the phrase "resupply of the contras" came from.

Q Next to purpose of the meeting, just for the record, it reads: Purpose: To brief the Vice President on the status of the war in El Salvador and resupply of the contras. Right?

A Right.

Q Phyllis, her last name is Byrne?

A B-y-r-n-e.

Q And does she still work for you?

A She does.

Q Did you ask her -- I'm sure you have -- where she recalls getting that phrase?

A She believes she got that phrase from Colonel Watson.

Q Have you asked Colonel Watson?

A I have, and he says he did not say that to her.

Q Is there any place else she could have gotten

UNCLASSIFIED

it?

A No, I just can't account for it and I don't want to speculate about it.

Q You didn't give it to her?

A I did not.

Q She didn't come up with it on her own.

A She says she did not.

Q And Colonel Watson says he didn't give it to her.

A That's right.

Q Whose handwriting is on the document that we're looking at aside from hers? She put your initials on it, correct?

A Right.

Q Then there's a typo in El Salvador. The extra "a" is crossed off, and some additional dates are written on it. And there are some other things at the bottom, "per Justine" and so forth. Whose handwriting is all that?

A I assume it may be Phyllis Byrne's or somebody in the scheduling office setting up a time for the meeting.

Q And they were changing it from April 22 or 23 to?

A It was either May 1 or May 2. The first notation would indicate it was going to be either May 1 or May 2, and then the later one was May 1 at 11:30 in the West Wing.

Q In other words, this document, this schedule proposal went to Debbie Hutton without this handwriting so far as you can tell?

A Without the handwriting below.

Q Now any time on April, and then it's changed to 28-May 2. Do you know who put that in?

A No, I don't know whose handwriting that is.

Q Do you know if the memo went out with that on it or not?

A I would assume that it did.

Q And Debbie Hutton keeps the Vice President's schedule?

A She's no longer there.

Q She did?

A She did.

Q So this would be the way that a meeting would be set up for the Vice President?

A That's correct.

Q A standard sort of document.

A That's right, and a very routine document to which people do not pay close attention.

Q And Phyllis Byrne has put your initials on

UNCLASSIFIED SECRET

other such documents?

A That's correct.

Q Let's take the next page from the back of this exhibit, the memorandum to you from Debbie Hutton approving a meeting for May 1.

A That's right.

Q And that would have been in response to the scheduling proposal we just looked at, correct?

A That's right.

Q Now we move to the next page. This is April 30, 1986. This is a briefing memorandum.

A That's right.

Q For the Vice President.

A Which would go in his daily notebook and would be, if he were to flip through to see who am I seeing tomorrow and why, this would be what he would see about any specific meeting.

Q Did Ms. Byrne put your initials on this?

A She did.

Q And this one is dated 14 days after the scheduling proposal.

A That's right.

Q And under Purpose it says "Felix Rodriguez, a counterinsurgency expert, who is visiting from El Salvador, will provide a briefing on the status of the

UNCLASSIFIED SECRET

war in El Salvador and resupply of the contras."

A That's what it says.

Q What have you learned about who wrote that?

A Again, that would have been Phyllis Byrne, and the language would have just been picked up from the schedule proposal.

Q Is that what she's told you, that she just picked it up?

A That's right.

Q Didn't discuss this again with Colonel Watson?

A No.

Q And you don't recall reviewing this document before it went into the briefing book?

A No, I did not.

Q Do you typically review those documents?

A No. I mean, if they are sensitive meetings with a head of state, I do. In this case, Felix had said he was in town and his morale was rather low. He had some pictures to show the Vice President of his operations and it was nothing that I would have reviewed.

But these documents jumped out at me in December of 1986. We at that point were putting together Exhibit 1, the chronology, and in doing so we made quite a full review of the documentation and we came across these documents. As soon as we did, it jumped out at us that there was an anomaly, an error -- i.e., resupply of the contras. So I thought, well, take the bull by the horns, raise it. We raised it in our office and in the testimony or in the interview that I gave to the House Select Committee with Mike O'Neill and a couple others present I said we have these documents. I cannot account for what they say.

But, as I state here, there was no intention to discuss contra resupply, nor was contra resupply discussed in the 1 May meeting.

Q At all?

A At all.

Q Let me ask you something about the chronology, Exhibit 1. I'm looking at the statement by the press secretary in the top paragraph. I guess it is the second sentence. "The meetings and telephone calls how that Donald Gregg and his staff maintained periodic communication with Felix Rodriguez but were never involved in directing, coordinating, or approving military aid to the contras in Nicaragua." Correct?

A Right.

Q What was the purpose of putting that statement in and repeating it again in the May 14, 1987 amendment which we have here, and which will be marked as Exhibit 1A?

(The document referred to was marked Gregg Exhibit Number 1A for identification.)

A Well, these statements were written not by me but by the Vice President's press secretary, and I think they were an attempt to refute what seemed to be a suspicion or an assumption on the part of many in the press that from the outset Felix had been sent down into El Salvador to help with the contra resupply.

Q Would there have been anything wrong with that as far as you understood things, based on what you've told me today?

A I would have a different reaction if Felix had come to me in late '84 to say I want to go down and help with the contra resupply. I would not have gone to bat on that.

Q I'm interested. Why not?

A Well, because it was nothing that concerned me. Felix and I are both experts or were knowledgeable in terms of counterinsurgency operations and low intensity conflict. We happen to think that that's the kind of war it is likely we will have to fight, and I know that Felix is one of the people who is best qualified to do that kind of thing in El Salvador. So when he came and said I'd like to go down and be of help

UNCLASSIFIED

on that, I was interested, the only time I have reached back in my Agency career to bring forward a contact from that time to try to place someone, and I did that because I felt he was uniquely qualified in that field.

And he's also unique in that he's willing to risk his life every time he goes out in a helicopter and flies at treetop level. Now if he had come to me and said hey, I want to go down and help with the contras, I'd have said well, Felix, go do that yourself, because I felt that he had no unique qualifications there.

Q What if Felix had said to you I want to go down to El Salvador and help fight the counterinsurgency, as he did, and I would also be interested in helping the contras while I'm there if I can? Would you have said to him you can't do that?

A No.

Q Now the statement that is in Exhibit 1 and repeated in what has now been marked as 1A, which is the May 14, 1987 statement amending the chronology, it says, as we've read it, that you and your staff were never involved in directding, coordinating or approving military aid to the contras in Nicaragua.

Do I understand that this is not meant to say that you were not knowledgeable about the receipt of military aid to the contras in Nicaragua? I'm only

UNCLASSIFIED

asking because the phrasing seems very specific.

A I'm sorry, where are you?

Q Let's take a look at Exhibit 1. The language again is picked up there at the second sentence in the press release, beginning "The meetings and telephone calls show that", et cetera, that you maintained periodic communication, that you were never involved in directing -- that's true -- coordinating, true, or approving military aid to the contras in Nicaragua.

A Right.

Q And that phrase then is picked up again, as you see, in 1A. What I'm asking you is, is that phrase meant to be taken literally so that I would not read that as a denial that you and/or your staff had knowledge of military aid being received by the contras in Nicaragua through Felix Rodriguez?

A You're getting me into a highly speculative thing. I didn't write this.

Q You didn't discuss it with the press people?

A No. They are the people who put it out and I think it was designed to knock down what they felt was unfounded speculation on the part of the press.

Q Did you review it before it went out?

A No.

Q You didn't review this?

UNCLASSIFIED

A I did not.

Q Did you review the statement of May 14, 1987?

A Yes.

Q But not the one of December 15, 1986?

A No.

Q Any reason that you reviewed 1A but not 1?

A They were put out by different press secretaries. This was put out, the 15 December one was put out by Marlin Fitzwater and this one was put out by Larry Thomas.

Q One-A is Larry Thomas?

A Yes.

Q How did the meeting of June 25, 1986, which 1A informs us of, get into the chronology? That is, how did the review that was undertaken find that meeting?

A It turned up on a three by five note card that Sam Watson had, which said June 25, Felix, 1:30, and when he found that, which he did not find at the time of our December 15 chronology, but he did find it pursuant to the more exhaustive document search which we made in early April.

Q Let me mark as the next exhibit, Gregg Exhibit 5, a one-page document of handwritten notes which bears our Bates number N-8848, and it appears to be a note from the Vice President to Ollie North, dated November 27,

UNCLASSIFIED

1985.

(The document referred to was marked Gregg Exhibit Number 5 for identification.)

Is that how it looks to you, Don?

A Yes.

Q Now I showed this to you at our last session together. Apart from my showing it to you have you ever seen this document before?

A No.

Q So the only time you saw it was when I handed it to you at our interview?

A That's right.

Q So you know nothing more about it than I do, except that you can tell me that looks like George Bush's signature?

A That's right.

Q Have you discussed this at all with the Vice President?

A This note to Ollie?

Q Yes.

A No.

Q What would be your understanding, recognizing that you hadn't participated in writing the note, of what the Vice President was referring to when he complimented

UNCLASSIFIED

Ollie for his work with Central America?

A The thing that would come to my mind is, because it was the only thing I shared with him, was the trip to El Salvador.

Q In '83?

A In '83.

Q But that's based on --

A That's based on what I know and, you know, I think it is significant to me that the term is Central America. The term is not "contras". The term is not "Nicaragua".

Q The term is not "El Salvador".

A That's right.

Q Don, there has been testimony at the hearing recently that the Vice President placed a telephone call to Oliver North on or about the day that he resigned. Have you heard that testimony?

A Yes.

Q Do you know anything about that phone call?

A I didn't know that it had been made. I remember that day the Vice President saying to me I wonder if I should call Ollie, because I knew we all had a lot of affection for him in terms of how hard he worked and how tireless he was, and we knew it was going to be a very difficult time. And I said something to the effect it would mean a lot to him if you did.

And he, I subsequently learned, did call him.

Q When did you learn that he had made the call?

A I think the Vice President told me a day or so later, yeah, I did call Ollie.

Q What did he tell you about the discussion?

A Just that he called. He just said I called Ollie very briefly.

Q Did the Vice President have any contact with Ollie that you were familiar with after the trip to Central America in December of '83?

A That's hard to answer with precision because there was some contact. Ollie's office, for example, was very much involved in terrorist matters. The Vice President was very much interested in the hostage sitaution. So yes, they would meet on those subjects, but never to my knowledge did they meet to discuss contra supply.

Q On the Iran issue, just so we have it for the record, you were in Israel with the Vice President and Fuller?

A That's correct.

Q At the time that Fuller and the Vice President were briefed by Mr. Nir on the Iran compartment, is that correct?

A That's correct.

Q But you were not at that briefing?

A I was not at that briefing nor did I know of that briefing until several months later when I read Craig Fuller memorand~~a~~um which had gone to the Counsel to the Vice President.

Q I see. Neither the Vice President nor Craig Fuller notified you of what went on at that meeting or even that the meeting had taken place?

A That's correct.

Q And you did not see the memo either?

A That's correct.

Q Let's mark as the next exhibit, that is, Gregg Exhibit 6, this document, which appears to be a PROF note dated August 29, 1986, and we discussed this last time, Don, but I would like for the record to have your answer.

(The document referred to was marked Gregg Exhibit Number 6 for identification.)

First, it is from Fawn Hall to North relaying a message from Karna Small. You knew Karna Small at the NSC staff?

A Yes.

Q She was involved in press relations?

A Yes.

UNCLASSIFIED

Q And you've seen the first paragraph, [redacted]

I read that correctly, right?

A Yes.

Q Do you know anything about this?

A Absolutely nothing. In fact, did you mention it to me when I was down here before?

Q Yes.

A I know absolutely nothing about it. Zero.

Q Don, before I check with my colleagues to see if they have anything for me and turn it over to the House, let me just ask you is there anything more about your relations with Felix Rodriguez relating to Central America that we ought to hear about aside from what I've asked, in your judgment?

A No. I think we've covered certainly the elements of it that are germane to your inquiry.

Q When did you first tell the Vice President what Felix told you in December of 1986?

A That he had been recruited by Ollie?

UNCLASSIFIED

Q Correct. I'm assuming -- maybe I'm making a misassumption, but I'm assuming that you did report that to the Vice President.

A Yes, but I can't remember. I probably did it quite soon afterwards because it had made enough of an impression on me for me to write a note about it, but I don't remember the occasion.

Q Do you remember what the Vice President said?

A I do not remember that it evoked a large reaction.

Q Now I notice that the first, the press statement, the chronology, December 15, that's the same day you told me that you spoke with the agents from the Bureau.

A That's right.

Q Were the two timed to coincide?

A No.

Q Just a coincidence?

A Yes. I think one other thing I should say is that I made my own life more difficult during one of the stakeouts in front of my house, particularly on a day when I just couldn't get in my car and drive, where there was ice on my windshield and I had to scrape ice off the windshield, so they had a chance to ask several questions of me.

And the thrust of all of the questions was always that I had sent Felix to Central America, that I was somehow aiding and abetting his efforts with the contras, so they asked me did you ever talk to Felix about the contras or something of that sort. And I said no, I did not talk to Felix about the contras. That was not a good answer because it might have been technically correct in the sense of the thrust of their questions, but in one case Felix had come to me on the 8th of August.

I realized in thinking about what I said that that probably was going to be troublesome and that was one of the things that caused me to go on record with the New York Times interview, I think December 13, and then to put out the chronology to clear the record.

Q And in fact you also cleared the record, if I'm right, with a letter to the editor which we'll mark as Gregg 7.

(The document referred to was marked Gregg Exhibit Number 7 for identification.)

A That's right.

Q Which you wrote March 29 of this year?

A That's right.

Q And what I've handed you that we've just marked as Exhibit 7, that is a copy of your letter?

A That is correct.

MR. BELNICK: Rich, do you have any questions?

MR. RAUL: Could we take a break?

(A brief recess was taken.)

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. LEON:

Q Mr. Gregg, just let me ask you a few questions.

A Please.

Q It will probably be easiest to go just in chronological order. In regard to the meeting that you had with Felix on August 8, had Felix informed you prior to that meeting by phone or in writing or anything that he had met with Ollie North and a fellow named Robert Dutton?

A No.

Q June 25, approximately?

A No, he did not inform me of that.

Q Did you have any knowledge from any source prior to that August 8 meeting that Felix was having problems with Colonel North in any way, shape or form?

A Yes. I have because Ollie occasionally would call me and would say Felix is keeping too high a profile, Felix is violating radio security. I said what do you mean by that? He'd say well, he's talking on open lines about classified material and he may blow some of his operations, says Ollie.

Q And you interpreted that to mean his El Salvador-related counterinsurgency?

A I would say okay, well, next time Felix calls I'll raise your concern. So I did this on one occasion and said Ollie tells me that you are kind of a high profile guy and that you may have caused some security problems with your operations by talking over open lines. And Felix's reaction was very negative and very hostile. I didn't understand it at the time, but I do now.

I mean, he was rather profane and said Ollie doesn't know what he's talking about. Now what I now know is that Ollie was trying to get me to get Felix to back off from some criticisms of Ollie's operation but was couching it in terms of Felix taking actions which might jeopardize the El Salvador operations, which was the only thing I knew about. Felix knew what was going on, and that's why his reaction was as it was. I did not at that time.

Q Okay. And when you had your meeting on August 8 you said before it's possible Robert Earl was there, although you are a little fuzzy as to whether or not he was present at that meeting.

A Yes.

Q But clearly North wasn't there and wasn't there on the 12th either.

A That's right. I felt that was a little strange because I can't remember whether it was either on both occasions. I knew Ollie was around on one of those occasions and I thought it was a little strange that he didn't come.

Q Can you recall making any effort after that August 12 meeting to try to get in touch with North so you could sit down and talk to him personally about what was going on down there?

A I would have had a two-day window to do that before I went on leave and then went into the hospital, and I did not do that in that two-day window. When I next saw Ollie it was sometime in September and I didn't do it at that time because Felix had called me at some time in-between. I had said how are thing going in El Salvador. He said okay. Your meeting was very helpful. So I felt that the second of his concerns, i.e., that the people might take the money and run, had been taken care of.

Q Okay. At that meeting on the 12th, like you said before, your concern was corruption, not so much illegality.

A I didn't have any sense of illegality. I had the sense of possible corruption because I accepted Felix's judgment of these people.

Q With regard to your corruption concern, did you ask, can you recall if you asked any of the parties present-[redacted]or people from the State Department -- to investigate it, the corruption angle?

A That was implicit in what I said to all of them, that here is something which you should look at. I did not make any judgments about it except to say I trust Felix. I know Clines from the old days. He's not a confidence-inspiring figure. You ought to look at this.

Q Did you expect them to report back?

A No.

Q Did you ask Sam Watson to follow up with them to find out if there was any evidence of corruption unearthed by any of them?

A No. I felt that that would happen as a natural course, that we would hear from Felix as to what had happened, and I really wasn't in a position to set myself up in judgment. I mean, here were some very strong opinions by Felix, but that was all I had to go on.

Q Now at the time of that August 12 meeting did you consider the possibility of talking to the counsel to the Vice President about that matter?

A No.

Q Did you consider inviting counsel to the NSC to attend that meeting because of the corruption angle you were concerned about?

A No, I did not?

Q Mr. Thompson?

A No. Paul Thompson?

Q You know him?

A I do.

Q Have there been times on other occasions when you've brought matters up to either the Counsel to the Vice President or Mr. Thompson?

A No. I think one thing I should say is that, remember, I work for the Vice President. I'm the first Vice President's National Security Advisor to ever have been given the access that I have been given to the NSC, and that certainly for me to have gone to the National Security Council staff, which works for the President, as a representative of the Vice President I would have to have had a good deal more in my own mind than I had in terms of evidence of illegality or malfeasance.

But I was concerned enough to invite Ray Bur~~k~~ghardt, as well as Bob Earl, so that there were two people from the NSC who would hear about this.

Q And after that meeting took place on the 12th did you have any discussion with Burkhardt about the revelations of that meeting just between you and Burkhardt?

A No. I didn't see Burkhardt again until September and, you know, just the agenda had changed at that point.

Q When was the next time you saw Ollie after that August 12 meeting?

A I don't remember seeing him until after I got out of the hospital and was back at work in early September. The only time I might have seen him would have been on August 13 or 14, because I went on leave, as I recall, either the 14th or the 15th, and I don't recall seeing him either of those days.

Q Can you recall considering discussing it with him at a later time once you did see him again?

A I think my mind was relieved on that point by Felix's saying to me over the phone, not going into any detail, but your talk has helped. The problem has been taken care of. Or something to that effect.

Q When do you recall that conversation?

A It was sometime. I think he called me when I was at home recovering from surgery, which I had on the 21st of August.

Q So within a matter of weeks?

A Yes.

Q And he didn't elaborate?

A No, certainly nothing one could go into over the telephone.

Q Now with respect to the phone call that you had with Felix that you've given us the exhibit on today, just if you could go through that briefly chronologically. Did that phone call take place after you did your chronology?

A I think it did. I can't swear to it, but I think it was shortly thereafter.

Q And it was Felix calling you, wasn't it?

A Yes.

Q And was it after you had been contacted by the FBI?

A Yes, because I think, haven't I said it was the same day as the chronology, the 15th, so if it was after the chronology, it was also after the FBI.

Q And as far as you knew -- correct me if I'm wrong -- as far as you understood when you met with the FBI they were going to be getting in touch with Felix because you gave them his number?

A That's right, and I called Felix to tell him that they were going to come see him. That would have been the same day, the 15th, and I'm sure I would have called him. I remember calling him to say Felix, I've talked to some people from the FBI. They want to come to you. And he said fine.

Q But it wasn't on that occasion that he told you -- A I don't think it was. I think it was after he had talked to them. My sense is whenever that phone call was made that first time the full impact of what was going on had hit Felix in terms of the influence it might have on the Vice President, for whom he has tremendous admiration, and it suddenly hit him that suddenly there was something evolving that might have a very negative impact on the Vice President or on his image and he was very upset about it.

Q Now the purpose of that phone call to him that you made on the 15th or shortly thereafter, that phone call was simply just a warning to him?

A Not a warning, because I knew, as I've said before, he was in very close touch with the FBI and I said some people came in to see me. They are interested in the August 8 meeting. I said I did not give any of the names that you gave to me, but they are going to want to know about those names, and I have given them your telephone number and they are going to call you soon. He said fine, no problem. I want to cooperate fully.

Q And you didn't go into any greater detail than that?

A No.

Q And you weren't attempting to influence his testimony?

A Absolutely not.

Q In any way, shape or form?

A Absolutely not.

Q Did you discuss with him anything about documents or collecting documents or having documents available?

A No.

Q When he told you about the letter on the phone call that you noted and we have the exhibit on today, did he tell you that he still had a copy of that letter?

A He didn't tell me that.

Q Did you ask him?

A I did not.

Q And do you know to this day whether he has a copy of that letter?

A I have heard that he had a copy and that he had turned it in to this investigation.

MR. LEON: I don't have any further questions.

BY MR. BELNICK: (Resuming)

Q Just a couple of quick questions on the

UNCLASSIFIED

chronology, the original one, Gregg Exhibit 1, November 7, 1986 entry states that Felix met with you and Colonel Watson, described his role in El Salvador, and then it says "Mr. Rodriguez also indicated that he himself had been able to assist the contra resupply effort."

What do you recall he told you in that regard on November 7, 1986, about his, Felix's, role in contra resupply?

A I think he discussed the fact with us that he had been able to help the resupply [redacted] that he had been sort of a facilitator.

Q And he had facilitated the resupply of weapons?

A No, he didn't get into that.

Q He just said resupply?

A He had helped open or this group [redacted] You know, this is the first contact I had had with Felix since the summer.

Q He has missed you in October, I take it, when he tried to get in touch about the Hasenfus shootdown?

A That's right.

Q So there was the occasion on August 8 when Felix talks about contra resupply.

A Yes.

UNCLASSIFIED

Q There's the occasion we've just looked at on November 7.

A Yes.

Q There's your phone call to him, which you discussed with Rich Leon, when you told him the FBI is coming down.

A Yes.

Q And on none of those three occasions does Felix tell you about North's instructions to him and North's using him as a recruit?

A That's right, not until mid-December.

Q And that December phone call, as you remember it, was a very emotional phone call.

A Yes.

Q Felix was emotional?

A Yes.

Q Have you testified to the grand jury in this matter?

A No.

MR. BELNICK: I have no further questions.

MR. LEON: One last thing.

BY MR. LEON: (Resuming)

Q You've dealt with Colonel North on a regular basis over the last few years, have you not?

A Yes.

UNCLASSIFIED

Q In your dealings with him, have you found him to be a person who tends to be dramatic?

A Yes.

Q Is he prone to exaggeration?

A I would say under pressure I have seen that on one or two occasions.

Q Hyperbole?

A Perhaps, yes.

Q How about imbalance or instability?

A No, no -- terrible fatigue. I mean, I remember one Christmas, a Christmas Eve, he going out about 5:30 in the afternoon to start his Christmas shopping, that kind of thing.

BY MR. BELNICK: (Resuming)

Q Don, there is one other thing. You are aware that Mr. Rodriguez testified to us?

A I am.

Q Have you discussed his testimony with him?

A Only after it was completed. I had made a particular effort to stay away from Felix and so the day I think he completed his testimony I went and had a drink with him at a mutual friend's house, was there for maybe 45 minutes.

Q Did he describe his testimony?

A Not in detail. But he felt that it had gone

UNCLASSIFIED

well. He felt, as he has always felt, that he has a very straight story to tell and felt good about it.

Q Aside from his feelings, did he tell you the kinds of questions he was asked?

A No.

Q Did he tell you any of the answers he gave?

A No.

Q Nothing like that?

A No.

MR. BELNICK: Okay. I want to thank you again for all the time you've given us on behalf of both the House and the Senate Committees. We appreciate it. Thank you for being here.

(Whereupon, at 4:07 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this __________ day of ________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

UNCLASSIFIED

383 RELEASE

UNCLASSIFIED

N 18753

THE VICE PRESIDENT

OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE CONTACT: 202/456-6772
Monday, December 15, 1986

STATEMENT BY THE PRESS SECRETARY

The Vice President has reviewed the attached chronology of meetings with Felix Rodriguez, prepared by his National Security Advisor Donald Gregg. The meetings and telephone calls show that Donald Gregg and his staff maintained periodic communication with Felix Rodriguez, but were never involved in directing, coordinating, or approving military aid to the contras in Nicaragua. Nor was there any awareness of the diversion of funds to the contras. Felix Rodriguez indicated on August 8, 1986, in a meeting with Don Gregg that he had knowledge of the contra aid network which he wanted to discuss with U.S. officials. Mr. Gregg passed Mr. Rodriguez's concerns along to the appropriate officials on August 12, 1986. The Vice President was not informed of these meetings.

The communications with Felix Rodriguez concerning his work as a counterinsurgency expert in El Salvador were entirely appropriate. On the three occasions when the Vice President met with Mr. Rodriguez, the discussions dealt entirely with the insurgency in El Salvador and there was no discussion, direct or indirect, of the contra aid network.

Donald Gregg has been invited to meet with staff from the House Intelligence Committee, which he anticipates scheduling this week. The Vice President has full confidence in his National Security Advisor. This chronology will be made available to the independent counsel and appropriate Congressional committees. Our purpose from the beginning has been to end speculation about the relationship between Felix Rodriguez and the Office of the Vice President. Our intent continues to be full disclosure and cooperation with the Congress to make all of the facts known.

# # #

3805

Gregg
Exhibit #1
5/18/87 mow

[redacted] ...sed on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

December 15, 1986

N 18754

SUMMARY OF CONTACTS WITH FELIX RODRIGUEZ

Donald Gregg, Assistant to the Vice President for National Security Affairs, first met Felix Rodriguez in Vietnam in 1970. Working together with other CIA officials, they developed an effective operational concept for use against guerrilla units operating in the provinces near Saigon. Mr. Rodriguez, a Cuban born intelligence officer of great courage and experience, was instrumental in implementing this concept. It involved the use of small helicopters to launch pinpoint operations against small guerrilla units. The concept was extremely successful. Mr. Gregg and Mr. Rodriguez maintained sporadic contact during the intervening years. Mr. Rodriguez had retired from CIA on a disability, having injured his back in a helicopter crash in Vietnam. Mr. Rodriguez became interested in the insurgency in El Salvador and traveled frequently to the area in 1983 and 1984. Mr. Rodriguez is extremely knowledgeable of low intensity warfare operations and it was for these reasons that Mr. Gregg aided Mr. Rodriguez when he expressed a desire to go to El Salvador to help the counterinsurgency effort in that country.

On November 3, 1983, Mr. Rodriguez met with Mr. Gregg to discuss the general situation in Central America. Mr. Rodriguez had just returned from a trip to the area.

On December 21, 1984, Mr. Rodriguez expressed an interest in going to El Salvador and working with the El Salvador Air Force to help them in their counterinsurgency effort which Mr. Rodriguez felt was very similar to that which he had assisted in Vietnam. Subsequent to this meeting, Mr. Gregg called Ambassador Pickering, Assistant Secretary of State Motley, and Deputy Assistant Secretary of Defense Sanchez to recommend that they meet and talk with Mr. Rodriguez to assist him in going to El Salvador. Mr. Rodriguez met with these officials and also subsequently met with General Paul Gorman, Commander of the Southern Command.

On January 22, 1985, Mr. Rodriguez met with the Vice President and Mr. Gregg to inform the Vice President that Mr. Rodriguez wanted to work in El Salvador against the insurgency.

On February 19, 1985, Mr. Rodriguez met with Mr. Gregg to report growing support for his work in El Salvador. In March, having been accepted by the El Salvador Air Force, Mr. Rodriguez moved to El Salvador.

On June 5, 1985, Mr. Gregg met with Mr. Rodriguez and Colonel Steele to discuss the situation in El Salvador.

On December 20, 1985, Mr. Rodriguez joined in a Christmas party with members of Mr. Gregg's office, where he met all members of Mr. Gregg's staff.

UNCLASSIFIED N 18755

During the period January 19-21, 1986, Colonel Samuel Watson, Mr. Gregg's Deputy, met with Mr. Rodriguez, Colonel Steele and others in El Salvador to discuss counterinsurgency operations. This was part of an orientation trip to the area for Colonel Watson.

On April 30, 1986, Colonel Watson and Mr. Rodriguez met to discuss progress of the insurgency and the need for helicopter parts.

On May 1, 1986, Mr. Rodriguez met with the Vice President for approximately ten minutes. Mr. Gregg and Colonel Watson attended. Mr. Rodriguez showed pictures taken during the counterinsurgency operations in El Salvador. Former Senator Nicholas Brady also sat in on the meeting. At the end of the brief session Ambassador Ed Corr, accompanied by Lieutenant Colonel Oliver North, joined the group in the Vice President's office. At that time, Ambassador Corr strongly praised Mr. Rodriguez' performance in El Salvador.

On May 20, 1986, the Vice President spoke briefly with Mr. Rodriguez and El Salvador Air Force Commander Bustillo at a large reception in Miami, Florida on Cuban Independence Day.

On August 8, 1986, Mr. Rodriguez met with Mr. Gregg and Colonel Watson to express his concerns that the informal Contra supply organization which then existed might not survive until a United States Government organization directed by CIA to implement delivery of funds and equipment recently authorized by Congress could be established. This was the first time that such a subject had been discussed by Mr. Rodriguez in any of his meetings with the Vice President's office. Mr. Rodriguez was also concerned about the poor quality of the aircraft being used in the Contra supply operation.

On August 12, 1986, Mr. Gregg and Colonel Watson met with Ambassador Edwin Corr, Deputy Assistant Secretary of State William Walker, Ray Burghardt and Bob Earl of the NSC, and a CIA officer, to pass along the concerns mentioned by Mr. Rodriguez. This meeting was convened since the Vice President's office had no jurisdiction or responsibility with regard to Contra supply operations. It was believed, however, that Mr. Rodriguez' observations were sufficiently important to pass along. In talking to the New York Times and the Washington Post, Mr. Gregg incorrectly placed Mr. Rodriguez in the August 12 meeting. This was not the case as Mr. Rodriguez had already departed from Washington.

UNCLASSIFIED

On October 5 and 6, 1986, Mr. Rodriguez called Colonel Watson twice to say that he had received information that one of the Contra resupply aircraft was missing, possibly in Nicaragua. Following established practice, Colonel Watson advised the Situation Room and the NSC staff of this information. It was subsequently learned that the aircraft had crashed in Nicaragua.

On November 6, 1986, Mr. Rodriguez delivered a speech at the National War College on low intensity conflict in El Salvador.

On November 6, 1986, Colonel Watson and Mr. Rodriguez had dinner in McLean, Virginia.

On November 7, 1986, Mr. Rodriguez met with Mr. Gregg and Colonel Watson in Gregg's office. Mr. Rodriguez described his role in El Salvador as having been primarily directed toward the insurgency in that country. Mr. Rodriguez also indicated that he, himself, had been able to assist the Contra resupply effort.

On November 11-12, 1986, Mr. Rodriguez was again in Washington, this time accompanying General Bustillo. They had dinner on November 11 with Colonel Watson and on November 12 met with Mr. Gregg. At that time, General Bustillo made it clear that he would welcome Mr. Rodriguez' return to El Salvador to continue his assistance in the counterinsurgency operation.

Additional Comments:

On the three occasions when the Vice President met with Mr. Rodriguez, discussions dealt entirely with the insurgency in El Salvador. There was no mention of supply or support operations for the Contras whatsoever.

At no point in his discussions with anyone in the Vice President's office did Mr. Rodriguez mention diversion of funds to the Contra operation from Iran. There is no indication that Mr. Rodriguez knew of such a diversion, and he has stated categorically to Mr. Gregg that he was unaware of the diversion.

During the period covered by this chronology, Mr. Rodriguez called Mr. Gregg and Colonel Watson from El Salvador and from his home in Miami, Florida. These calls concerned his counterinsurgency activities in El Salvador, and until the calls of October 5 and 6, contained no references to Contra operations.

UNCLASSIFIED

PRESS RELEA...

UNCLASSIFIED

Gregg
Exhibit 1A
5/18/87 mas

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE
May 14, 1987

CONTACT (202)-456-6772

3806

STATEMENT BY THE PRESS SECRETARY

The Office of the Counsel to the Vice President has provided the following information concerning the document search requested on behalf of the Independent Counsel and the Congressional Committees.

The Office of the Vice President has completed a comprehensive review of its files and records and has transmitted or made available all documents related to the Iran-Contra investigations to the Independent Counsel and the Congressional Committees investigating the Iran-Contra matter. In the course of the search, the Office verified the meetings and contacts with Felix Rodriguez made public as a chronology on December 15, 1986. In particular, the review confirms that the Vice President's contacts with Felix Rodriguez dealt "entirely with the insurgency in El Salvador and there was no discussion, direct or indirect, on the Contra aid network."

The review also confirmed all meetings and telephone calls listed in the chronology between Rodriguez and Donald Gregg and his staff, confirmed that those contacts never involved "directing, coordinating or approving military aid to the Contras in Nicaragua" and confirmed that there was no "awareness of the diversion of funds to the Contras."

The review indentified an additional meeting between Samuel J. Watson and Rodriguez on June 25, 1986 that was not indicated in the original chronology. This meeting was not scheduled ahead of time and did not appear on Colonel Watson's schedule which had been consulted in preparing the original chronology. It was discovered when Watson's personal notes were reviewed. The meeting was short and involved the counter insurgency operations in El Salvador and needed helicopter parts to support it. The Vice President was neither in the meeting nor aware it had taken place. Donald Gregg was overseas at the time and not aware of the meeting. Finally, the review also confirmed that the first discussion of the private resupply network was in connection with the August 8, 1986 meeting described in some detail in the chronology.

The Office of the Vice President will continue to cooperate fully in the pursuit of the facts.

# \# \#

[redacted]/Released on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

Gregg
Exhibit #2
5/18/87 mao

N 22450

Felix - 8 Aug '86

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

Using Ed Wilson group for supplies.
Felix recd by Ollie to get Contra planes resupplied at [redacted]
"Mr Green" = Rafael Quintero
Felix knew him at Bay of Pigs. also Dave & Tom Clines whom Felix used to know - split over Libya.
A group of weapons for $ was arranged to sell it for Contras
Clines & Quintero & Secord tied in.
Hand grenades bought for $3 - sold for $9.
Felix learned & quit in way.
DICK GADD purchases things at 1/3 contract - big profit
Clines is getting $ from [redacted] on weapons: buying things at great profit. Same outfit for Qadhafi with Wilson
BOB DUTTON brought in as mgr for project after a fiasco. He & Felix got into a conflict. Ollie & set up a proper mtg. to tell CIA.
CIA said no - people involved said will keep what we have.

3807

Partially Declassified/Released on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

- 2 -

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

N 22451

Dick Gadd ripped off $20,000 on a crummy glass piece.

Gadd getting rip off on two walkers $1650 a day.

C-123 was seen as a donation
[redacted]
Was sitting in Miami with
medicine. Felix got from Mayor
of W. Miami IV's, spare parts
[redacted] asked Wimpy to come in
to Contra base
Southern Air Transport said plane
OK to go. Called Jim Steele
Rafael said NO

Quintero said ops "finished"
[redacted] angry - feels plane is a
donation - was told so by Ollie
C-123 + 2 others on hold [redacted]
[redacted]
Steele will not release planes
Gadd or Felix does.

3.

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

N 22452

[redacted] feels US credibility at stake - ram feels it has been a $ making money. He feels 3 planes belong to Contras.

[redacted]

If planes pulled back will be exposed & will close base down.

Felix can get [redacted] to release the planes.

UNCLASSIFIED

Gregg
Exhibit #3
5/18/87 mao

3808

Sept 85
letter from
Ollie was
1st tie to
Contra support
effort.

This is a note taken during mid-December, 1986 telephone conversation with Felix Rodriguez, in which he told me for the first time that he had been more or less formally recruited by Ollie North to help with the Contra effort. Rodriguez also stated that North had asked him to keep secret his relationship with the Contra effort and, in particular, not to tell me about it.

The note reads:

"September, 1985 letter from Ollie was 1st tie to Contra support effort."

I found this in a collection of personal notes at home.

D. P. Gregg
Don Gregg
13 april 1987

UNCLASSIFIED

Declassified/Released on 8-21-87
under provisions of E.O. 12356
by P. Rager, National Security Council

UNCLASSIFIED

Gregg Exhibit #4
5/18/87 mas

3809

OFFICE OF THE VICE PRESIDENT
WASHINGTON

May 14, 1987

TO WHOM IT MAY CONCERN:

The schedule proposal of April 16, 1986 and the briefing memorandum of April 30, 1986, both relate to a 15-minute meeting held on May 1, 1986 with the Vice President. Four points should be made about these documents:

1. I had nothing to do with their preparation and did not see them until a document search was initiated in December, 1986.
2. I cannot account for the fact that the purpose of this meeting, according to these documents, was to discuss resupply of the Contras in addition to the war in El Salvador.
3. The subject of resupply of the Contras was not, repeat not, mentioned at all by anyone in the meeting with the Vice President on May 1, nor had there been any intention to discuss that subject.
4. Since I realized these documents were anomalous, I highlighted their existence in an interview with the staff of the House Permanent Select Committee on Intelligence held on December 17, 1986. Mike O'Neill was one of the staffers present.

Donald P. Gregg

Donald P. Gregg
Assistant to the Vice President
for National Security Affairs

Declassified/Released on 8-21-87
under provisions of E.O. 12356
by P. Roger, National Security Council

UNCLASSIFIED

OFFICE OF THE VICE PRESIDENT
WASHINGTON

April 30, 1986

BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

Event:	Meeting with Felix Rodriguez
Date:	Thursday, May 1, 1986
Time:	11:30-11:45 a.m. - West Wing
From:	Don Gregg

I. PURPOSE

Felix Rodriguez, a counterinsurgency expert who is visiting from El Salvador, will provide a briefing on the status of the war in El Salvador and resupply of the Contras.

III. PARTICIPANTS

The Vice President
Craig Fuller
Don Gregg
Sam Watson

Felix Rodriguez

IV. MEDIA COVERAGE

Staff photographer

UNCLASSIFIED

4/28/86

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

MEMORANDUM

TO: Don Gregg

FROM: DEBBIE HUTTON/djh

SUBJECT: APPROVED VICE PRESIDENTIAL ACTIVITY

EVENT: Meeting with Felix Rodriguez

DATE: Thursday, May 1, 1986

TIME: 11:30 a.m.-11:45 a.m.

LOCATION: WW

ATTENDANCE: 3

REMARKS REQUIRED: None required

PRESS COVERAGE: Staff Photographer only

MRS. BUSH PARTICIATION: No

DRESS: **GENTLEMEN:** Business Suit **LADIES:** ________

COMMENTS:

CONTACT(s): (1) Don Gregg (Name) ( ) (Area Code) 4213 (Number)

(2) ________ (Name) ( ) (Area Code) ________ (Number)

UNCLASSIFIED

CC:
C. FULLER
F. KHEDOURI
D. GRESS
B. GRAY
J. M[illegible]ENTEE
J. [illegible]TZGERALD
M. FITZWATER
S.P. ROSE
T. COLLAMORE
D. RYDER
C. JUDGE
D. VALDEZ
P. PR[illegible]
M. Mc[illegible]E
G. EN[illegible]D
B. MOG[illegible]
D. GUGLIELMINO
USSS (3 copies)
T. McBRIDE
R. BARNETT
M. LEWIS
E. CONAWAY
P. BRADY
D. QUICHO

MEMORANDUM

UNCLASSIFIED

OFFICE OF THE VICE PRESIDENT
WASHINGTON

April 16, 1986

SCHEDULE PROPOSAL

TO:	DEBBIE HUTTON
FROM:	DON GREGG DG
REQUEST:	VP Meeting with Felix Rodriguez, a counterinsurgency expert visiting from El Salvador.
PURPOSE:	To brief the Vice President on the status of the war in El Salvador and resupply of the Contras.
BACKGROUND:	The Vice President has met previously with Mr. Rodriguez during his visits to Washington and will be interested in the current information he will be able to provide.
DATE:	Anytime on April ~~22 or 23~~ 28 - MAY 2.
DURATION:	15 minutes
LOCATION:	OEOB
PARTICIPANTS:	The Vice President Craig Fuller Don Gregg Felix Rodriguez
REMARKS REQUIRED:	None required.
MEDIA COVERAGE:	Staff photographer
CONTACT:	Don Gregg, 4213
RECOMMENDED BY:	Don Gregg

5/1 or 5/2 per Justine

5/1 - 11:30 - ~~OEOB~~ WW

UNCLASSIFIED

M

UNCLASSIFIED

Written @ Andrews:
11-27-85
N 8848

Dear Ollie,

As I head off to Maine for Thanksgiving I just want to wish you a Happy one with the hope you get some well deserved rest.

One of the many things I have to be thankful for is the way in which you have performed, under fire, in tough situations. Your dedication and tireless work with the hostage thing and with Central America really gives me cause for great pride in you and Thanks – Get some Turkey

George Bush

3810

Declassified/Released on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

Gregg
Exhibit #5
5/18/87 mao

H-34
12-1-86

1143

UNCLASSIFIED

[illegible]

[redacted]

[illegible]

Insert

From: NSFH --CPUA
To: NSOLN --CPUA

Date and time 08/29/86 11:01:35

NOTE FROM: FAWN HALL
SUBJECT: Call fm Karna Small (8/29 094C ·)

.a called with the following two "st ories" on OLN:

1. [redacted]

2. [redacted]

Please call her to let her know how they should respond other than no comment.

cc: NSRLE --CPUA NSCPC --CPUA

E-185
12/1/86

3811

Partially Declassified/Released on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

Gregg
Exhibit # 6
5/18/87 mao

UNCLASSIFIED

SUNDAY, MARCH 29, 1987 THE WASHINGTON POST

LETTERS TO THE EDITOR

Donald P. Gregg on the Contras

I have noted with regret recent articles and television reports alleging that I played a role in directing or supporting contra operations in Nicaragua through my longtime friend, Felix Rodriguez. I simply did not do so.

In the hope of correcting the record, I would like to refer readers of this newspaper to the detailed chronology issued by the Office of the Vice President on Dec. 15, 1986, and published by The Post on Dec. 16, 1986. It lays out in detail my contacts with Mr. Rodriguez. This chronology, issued more than three months ago, is now regarded as "old news." Nevertheless, it has stood up to all subsequent scrutiny and remains a complete and accurate description of my role. It is available to anyone for the asking.

Let me clearly state what the chronology concludes: members of my staff and I maintained periodic contact with Felix Rodriguez, but we were never involved in directing, coordinating or approving military aid to the contras in Nicaragua. Nor did I or members of my office know of the diversion of funds to the contras.

The media have made much of the fact that, during one of the numerous early-hour television "stakeouts" of my home, I answered "no" when asked whether I had ever discussed contra operations with Mr. Rodriguez. I answered in haste. I did not recall that four months earlier, on Aug. 8, 1986, Mr. Rodriguez had shared his personal concern with me regarding the informal contra supply organization he had observed in El Salvador. Since the vice president's office had no jurisdiction or responsibility with regard to contra supply operations, I promptly passed the information on to the relevant agencies—the Department of State, the National Security Council and the Central Intelligence Agency.

A few days after the stakeout, as a chronology of my contacts with Mr. Rodriguez was being assembled, I was reminded of the Aug. 8 conversation. To correct the record, I granted an interview to The New York Times on Dec. 13, 1986, and on Dec. 15, 1986, the chronology was issued.

My position on the vice president's staff does not involve me in directing or coordinating operations in Central America or anywhere else. Suggestions to the contrary, past, present and future, cannot be supported by the facts.

DONALD P. GREGG
Assistant to the Vice President
For National Security Affairs
Washington

3812

Gregg
Exhibit #7
5/18/87 mas

UNCLASSIFIED

[redacted]eleased on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

[redacted]

UNCLASSIFIED 1A

ORIGINAL.

Deposition of: Richard D. Gregorie,
Chief Assistant United States Attorney

Friday, July 17, 1987

U.S. House of Representatives, Select Committee to Investigate Covert Arms Transactions with Iran, Washington, D.C.

Appearances:
W. Thomas McGough, Jr.,
Associate Counsel, Senate
Select Committee.

Robert W. Genzman,
Associate Minority Counsel.

Jack Perkins,
Department of Justice,
Legislative Affairs.

4108

[redacted] Declassified/Released on 29 Dec 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

MR. MCGOUGH: Mr. Gregorie, my name is Tom McGough, Associate Counsel for the Senate Select Committee, investigating the Iran-Contra matter.

Sitting next to me, on my left, Robert Genzman, Associate Minority Counsel.

MR. PERKINS: Jack Perkins, Department of Justice, Legislative Affairs.

BY MR. MCGOUGH:

Q. Would you-- let's begin by saying, if there are any questions you have, or questions of mine you don't understand, feel free to stop me and clear it up.

At point Mr. Genzman may have to leave, but we will plod on, and hopefully be done I would think by this afternoon.

If you want break at any point, let me know, and certainly we can accommodate you.

Could you state your full name, please.

A. Richard Daniel Gregorie.

Last name, G-r-e-g-o-r-i-e.

Q. What is your title here?

A. Chief Assistant United States Attorney.

Q. What are the duties of the Chief Assistant?

A. To substitute for Mr. Kellner in his absence.

I also spend a great deal of time with the criminal assistants, reviewing indictments, advising them on investigations, taking responsibility for liaison with the various investigative aspects of the district, and essentially attempting to assist the U.S. Attorney in all his functions during any particular day in this district.

Q. Could you give me a little bit of information about how the criminal division here is organized?

A. Yes.

Of course, there's a United States Attorney, and the Chief Assistant below.

On the criminal side, we have the Chief of the criminal division, whose name is Mark Schnapp.

Below Mark, we have a number of divisions.

There are major crimes, which is our reactive unit, which is most of the cases that come in and go to trial, in the sense that if a case comes in last night for bank robbery; a boat

UNCLASSIFIED

load of marijuana, buy-bust for cocaine, it will go to major crimes assistants, and they take it to a grand jury, and then it goes to a judge, and we also have major investigative units, starting with political corruption, who handles crimes involving federal agents, corrupt political officials, both federal and state, any case where I may be involved in.

We have a fraud division that handles all of the fraud cases in this district, anything from boiler rooms, that is large type organizations being used to sell land in the Everglades, to credit card fraud, bank fraud, immigration fraud-- generally, they are extremely numerous down here.

If you read Jonathan ~~Quitney's~~ Kwitny's book, the "Fountain Pen Conspiracy," a lot of the con artists in this world do focus their attention in the Southern District of Florida.

We also have major narcotics, which we divide from major crimes.

I would say 60 percent of our work involves narcotics of some kind, and we have a major narcotics unit which focuses on the major-- does the wire taps, undercover projects, long term

UNCLASSIFIED

grand jury investigations, and narcotics has its own sub-division called "Operation Greenback," which handles the money laundering side of the narcotics problem.

Narcotics upstairs is all just Assistant United States Attorneys.

Downstairs, on the third and fourth floor, we have Greenback, two squads of Customs agents, a squad of IRS agents, and DEA, who do nothing but work major money laundering cases with our Assistant U.S. Attorneys dealing with them, dealing with those money laundering cases.

Q. Mr. Feldman, Jeff Feldman, in which of these units was he assigned, let's say as of November of '85, until the present?

A. Jeff was in major crimes in November of '85.

Actually, I think he went to major crimes, sometime in the spring of '85.

When I came into this office, our first practice was to put you in appeals, to get you used to the office, the procedures, things of that sort, and Linda Hurt, who is one of the best appelate lawyers around, spends time training folks and--

UNCLASSIFIED

Jeff had been a state prosecutor, done cases in the state court, so he went to major crimes to pick up cases and start trying them.

He did that until February or March of '86, at which time time he was sent to the major narcotics unit.

Q. Who would have been the head of the major crimes unit at that time?

A. Bill Turnoff, who is now a magistrate.

Q. Who would have been the head in February of '86?

A. I was Chief of narcotics in February of '86.

I became Chief of the criminal division in March of '86, but I kept both posts, because they hadn't appointed anybody to replace me yet, so I was essentially doing two jobs for several months.

Q. What is your commercial phone number and FTS number?

A. 305-536-5403, is commercial, and FTS is 350-5403.

When I was in narcotics, it was 5457.

Q. Could you give me your professional background since your graduation from law school?

UNCLASSIFIED

A. I graduated from Georgetown Law School in 1971.

I went to work as a clerk to U.S. Magistrate Pincipe in Boston, from August of '71 until April of '72.

In April of '72, I had passed both the bars, District of Colombia and Massachusetts, and I was hired by the organized crime section of the Justice Department to work in the organized crime section.

I was in Washington from April of '72 until August of '72, when I was assigned to the Newark, New Jersey Strike Force.

I was a Strike Force attorney in Newark from '72 until August of '76, at which time I was transferred to Boston.

I was Strike Force attorney in Boston from 1976 through 1979, in December, and they put me in charge of the organized crime field office, in New Haven, Connecticut, and I was in charge of that field office from 1979 until 1982, when Stanley Marcus became U.S. Attorney here, and he asked me to come here to head the narcotics unit.

I arrived here in August of 1982, and since that time, I have been Chief of the

UNCLASSIFIED

narcotics section, Chief of the criminal division, and now Chief Assistant.

Q. How long have you known Leon Kellner?

A. Since I arrived here in August of '82.

Leon was a good friend of Stanley Marcus, and was brought here by Stanley to run the civil division, after having managed a major law firm in New York.

Q. We've been discussing here today a case which I understand goes by the name of Costa, and I-- I would like to ask you, what your first recollection or contact was of that case?

A. There was always a shortage of attorneys, and we're always scrapping with one and another, who can get an extra attorney in their division.

I had a big investigation coming up, no assistant to do that with.

Jeff came on board in February, and I assigned him a major investigation, and-- known as Operation Birdman.

Q. This is February of--

Q. February of '86.

I had no knowledge or anything to do with the case, until Jeff arrived in my section,

UNCLASSIFIED

in the narcotics section, in 1986.

Sometime in March of '86, and I am not sure of the exact date--

I haven't got it in front of me, so pretty much off the top of my head.

In March of '86, I believe it was, Jeff came to me and asked me how he could go about getting an official passport to travel overseas, knowing that I had had a number of trips during narcotics investigations, and he told me that he was going to have to go to Costa Rica, and we discussed for what purpose he was going to Costa Rica, and I learned about the case at that point.

Q. Would this-- can you put this in the context of the investigation, itself, starting in-- we understand that there was a meeting on March 14th where Mr. Feldman discussed the case, first with Ana Barnett, and then Mr. Kellner entered and apparently was looking into the same case.

There then was a trip to New Orleans to interview Mr. Terrell, on March 25th or so, and then Mr. Feldman's trip to Costa Rica, where he left on March 30th.

With those dates in mind, do you have

UNCLASSIFIED

any idea when he first came to you?

A. It would be hard to tell.

I remember being down here with Leon, or at least in the area of his office, and-- I think it was Mark Richard who called and mentioned to Leon Kellner about a plot to assassinate Ambassador Tam~~k~~bs, and blow up an embassy, and we had some information at that time.

Somebody asked me if I knew anything about it, essentially, and since Tam~~k~~bs had been ambassador in Colombia and I was kind of interested in that, and at that time, Jeff was sitting in the hall and talking with Ana Barnett and an FBI agent.

The stories sort of ran together. I remember the discussion about that.

What exact date, I can't tell you.

Q. That would have been before he came to you and--

A. That was before Costa Rica.

At that point, Costa Rica meant nothing to me, or would have had no-- later on, the next day, two days later, I was standing up in front of my office on the 10th floor, and Jeff came to me about getting his passport for Costa Rica, and we

UNCLASSIFIED

discussed some of the facts involved in the matter for which he was going down there.

Q. Did you have any formal contact with the case prior to Mr. Feldman's trip to Costa Rica?

A. None.

Q. After Mr. Feldman returned from Costa Rica, there was a meeting on April 4th, which we have received evidence that Mr. Kellner and Mr. Feldman, Mr. Scharf, Ms. Barnett, and you were present.

A. Yes.

Q. Do you recall that meeting?

A. Yes.

Q. That was also the meeting which we received evidence, Mr. Leiwant, made at least an appearnace for a portion of it.

A. Yes.

Q. Do you recall being at the meeting when Mr. Leiwant was at the meeting.

A. I know, but I didn't a few months ago.

I have to tell you, when this first appeared in the newpapers, that somebody in our office was saying that there was some kind of phone call, we all sat around and saying, "That's impossible."

There was no phone call. I don't remember it. And asked the other people, Feldman, Ana Barnett, Larry Scharf, and so forth, and nobody else-- everybody said, "There was nobody else there. How could it happen."

Some months ago, he came to my office, David Leiwant. He said, "I have got to talk to you."

He said, "I have been getting calls from a congressional staffer. He wants to come and talk to me, and I'm very concerned about it," and I said "Why?," and he said, "Because I told him what I remembered about this incident and the phone call," and I was totally taken aback because I didn't even remember his being there, but once he told me that and I thought about it a little bit, I remembered he was there.

What happened was Jeff had come back from Costa Rica, and I came into the office, and we were sitting around there talking about it, and Jeff was very excited, but this case to me, grew out of the major crimes matter.

If you don't mind my going back-- Major crimes is our reactive section. We had a gun case. It was a simple gun case.

There are a number of wild-eyed gun cases all over Miami. It is not unusual.

In this particular case, the defendnt was claiming he overheard a plot to assassinate the ambassador, and to carry guns down to South America, and that he had evidence about this, and the reason he was prosecuted was to get back at him for information that he had.

It seemed to be a wild-eyed story.

We get loads of stories where they make a CIA defense, "The CIA made me do it." It's very-- not unusual.

This was the same sort of situation. It's one of the reasons he went down there.

When he comes back from Costa Rica, he had the conclusion, one, no assassination plot, and two, nobody saw the guns, if there were any, and there had been a newspaper article in which they said there were six tons of weapons--

Well, we were lucky if there were six guns on that plane, but Jeff was still caught up in a whole series of facts and names, and he just kept going on and on, and I don't know-- if you get him on a subject, he keeps going back to things that you have no real understanding of, and jumping around. It's very hard to get Jeff to focus.

We kept saying to him in the meeting, "Jeff, you are not focused. What violation are we talking about? Who are are you going to prosecute, and what for?"

What we had, an essentially, bright, capable prosecutor, but never involved in a really complex investigative case before, coming back and telling me as his supervisor, that he's got all these facts, but not knowing where he was going or what he was doing with them.

We said, "Jeff, slow down. You got your facts all jumbled up here. Take your time and go back and put it on paper. Let's see it in writing."

During the course of this conversation, I kept saying, "Wait a minute. Jeff, if you are going to do this kind of investigation, you have got to know what you're going to prosecute for. You can't say they are guilty of a crime if you don't have a crime. How are you going to prove that crime? Are you going to give somebody immunity if they cooperate? You have to know the answers to the questions you're going to ask them, or else they are going to commit perjury, and you don't know the answer."

He said, "How about the Boland Amendment?"

I never heard of it before, and-- I explained Congress had passed the amendment that they couldn't support the Contras.

I said, "Fine, if there are criminal penalties, would we have venue in Florida, or would it get sent back up to Washington?"

Ana said, "Gee, I don't know. Let me see if I can go and find the Boland Amendment."

It wasn't anything in Leon's office, and she went back to the computer to try to get it out of the computer, and I wasn't there when she went to the library, but I know that David Leiwant is constantly working on the computer in there.

He came in with the computer sheet and the Boland Amendment.

Q. Having been reminded of this episode, you now recall Mr. Leiwant coming in with the Boland Amendment?

A. Yes. I remember him standing there and discussing it, because we raised the same questions.

Nobody could tell us whether or not he had the criminal penalty, whether or not anybody could be punished for violating it, and it could be contempt of Congress, which is the only conclusion I could reach, but then we wouldn't have any venue for that, it would have had to go to Washington, but Jeff insisted there had to be a crime somewhere, even though he had no idea what it is or how to approach it.

So David maybe was in there for a period of 20 minutes during this discussion, which was strictly academic, and we were all sitting around the table in Leon's office.

Q. Do you recall how long the meeting, as a whole, took?

A. That's really hard to tell.

I have been in meetings in that office, that have gone a lot longer than they were.

I would have told you maybe we were in there for two hours, but I may be wrong.

I didn't look at my watch when we went in, and didn't look at it when we came out.

Q. Do you recall when you were there, whether you were there when the meeting began and when it ended?

A. I don't.

It's not unusual in this office. Leon's office door is always open. If you have got a problem, you walk in there and just take a seat.

Since Leon became U.S. Attorney here, in a lot of matters, especially those involving international matters, and cases involving narcotics deals or any major deals, he will have me down there.

Once he came to the criminal division, I was almost-- almost all of the time-- Leon was a civil lawyer to start with, so he will call Larry Scharf or I any time there's a question about a criminal matter.

Q. You don't remember at the conclusion of the meeting, whether you were still present or you had to leave?

A. I know that David Leiwant left long before I was there, but I know I was in there for a large part of the meeting, but I do think that Jeff Feldman and I left at the same time.

It is my impression that Jeff and I went back up to the 10th floor together.

Q. Let me ask you if some specific things came up at that meeting.

Do you recall any reference at that meeting, to the National Security Council or to Oliver North?

A. The only time I ever remember hearing Oliver North's name was from Jeff Feldman, and he kept saying that somewhere in the bureaucracy, there's this fellow North who is behind all of this, but whether or not we had any proof to show his involvement in it, I don't remember.

I know now, with hindsight, having heard the news for the past six months, it would be pretty hard to say you didn't know who Oliver North was, but back when it started, Oliver North's name meant nothing to me, and in thinking about it, other than hearing Jeff mention the name--

Q. Do you recall any discussion at that April 4th meeting about the possible political implications or sensitivity, either as a local matter or-- whether the Cuban-American or Hispanic community here in Miami, with regard to the Contra issue?

A. No, I don't.

I think it's really a personal point of

view.

As his supervisor, I was looking at this as a gun case, assassination plot-- and he comes back with this wild-eyed Neutrality Act theory, about this mercenaries traveling down to Nicaragua, and to be honest with you, what was going through my head, we're dealing with a lot of hypothetical facts going nowhere, and I don't remember it being talked about as any sort of sensitive political matter of any sort.

Q. Do you recall any-- during the course of that meeting, any telephone conversations Leon Kellner may have had?

A. I have to admit we have discussed several times among ourselves, primarily, when the newspaper articles came out-- we discussed it over and over again, who the heck else would have been there to hear a phone call, because we didn't recall anybody being there, and as it turned out, David was, but to my knowledge, there were no phone calls.

Phone calls come in on a regular basis, but if it was, it had nothing to do with our meeting, and if anybody had called and said not to do something in that investigation, I would have remembered it.

In my entire career in the Justice Department, last 15 years, nobody has told me not to investigate a case, and if somebody had told me that, I would know it.

Q. Do you recall being present when Mr. Kellner talked to anyone at Main Justice about this case?

A. Mark Richard.

He called several times, and, in fact, he called to me several times, and said, "Would you check with Leon to see what the progress of the investigation is?" or, you know, "What it is that is going on?"

I do remember a couple of conversations with Mark Richard about it.

Q. Let's break it down into two categories.

First, do you remember Mr. Kellner talking to him about it?

A. Yes.

Q. Were you present when those conversations took place?

A. A couple of them.

I don't know how many times he talked

UNCLASSIFIED

to them.

Q. Can you recall what-- from what you observed or what Mr. Kellner told you later, do you know what those conversations--

A. Primarily, first it was the assassination plot.

Mark Richard handles all of the sensitive national matters, and we were extremely concerned, if there was somebody trying to blow up embassies or kill an ambassador, that was a very sensitive nature, and I was interested because he had been-- Tam~~m~~bs had been the ambassador in Colombia, and that was interesting to me, but once we dispelled that theory, they were not going to kill Tam~~m~~bs or blow up any embassies, I didn't pay as much attention to it, with the exception of the fact that Mark Richard called several times, and we had a case, and we asked him about the Neutrality Act, and he promised to send us briefs, and we did g~~o~~et a good deal of research from Mark Richard, or somebody associated with him, concerning the Neutrality Act.

Q. To your knowledge, did Mr. Kellner have any contact with anyone at the Justice Department, with anyone other than Mr. Richard, about this

UNCLASSIFIED

case?

A. Well, I'm telling you, I don't remember it.

I know during that period of time, we had a number of sensitive situations, and in particular I was working on the Medellin Cartel case, and I think we talked to Steve Trott[illegible] or Jensen, but I can't remember any discussion about it.

Q. I was asking-- my next question was going to be whether you ever spoke to anyone at the Department of Justice, other than Mark Richard, about this case?

A. No. Not to my recollection.

I mean, it's possible, but I don't remember it.

Q. Joe Taif? ~~[illegible]~~

Joe Taif. ~~[illegible]~~ I talked to.

Q. He is where?

A. He's in the internal security section of the department.

I think I talked to him about the Neutrality Act aspect of the case, the fact he had-- what he might be able to help us with, in terms of talking to somebody about it.

UNCLASSIFIED

MR. PERKINS: He's a career staff attorney.

BY MR. MCGOUGH:

Q. Do you recall what the resolution or decision was at the end of the April 4th meeting, what was to be done?

A. Jeff was to write these facts down on paper.

It was the fact, once he had to sit down and try to lay it out in terms of what he had found, he would begin to make more sense in terms of what he had and what he had found out from this trip to Costa Rica, so he was supposed to write a memo in which he laid out the facts of what he had found, so we could make a determination if there was anything there.

Q. What is your next recollection of contact with the case?

I can offer you a menu, if you need-- if you need it.

A. I'm having a hard time remembering what came up next.

We had a couple of meetings with Jeff, in which we sat down and discussed the facts that he had in the case.

UNCLASSIFIED

Q. Was that before or after you received--before or after Mr. Feldman had done a memo on the case?

A. I think it was after he had done a memo.

I don't think it was the final draft of the memo.

I never participated in writing the memo, nor did I look at it, really, except when we came down for a meeting and sat down and reviewed it, and that's it up to that point.

Q. Let me interject with a couple of interim steps.

Do you recall the day of the FBI shooting, when--

A. Yes, very well.

Q. Do you recall whether there were any meetings on this case with Mr. Kellner or Feldman, on the day of the FBI shooting?

A. On the day of the FBI shooting when I arrived in the office, I took care of the basic things, and Mark Schnapp ran down to my office and said there had been a shooting.

He and I came to the scene, and we had a problem, because Metro-Dade police officers were

UNCLASSIFIED

advised of the rights-- we wouldn't do that with federal agents, so--

Mark and I stayed out at this FBI shooting scene, and, in fact, I accompanied one of the search teams to the house of one of the two shooters, where they did a search and found more weapons.

I didn't get back in the office until late in the day.

Leon Kellner had been out of town most of the day. He was on another case which is not relevant to this particular matter, but he had been out of the country, so-- but when he got back, I was telling him-- Leon came in, and there was a discussion about Jeff Feldman's case at that time.

It was late in the day. He was tired from his trip, and I was pretty worn down, and still the adrenalin was still pumping from being at the scene of the shooting the whole day.

Q. Do you recall any discussion about political implications of Jeff Feldman's case at that meeting?

A. No.

Q. Do you recall any discussion about the

UNCLASSIFIED

impact on the pending nomination of Mr. Kellner at that time?

A. No.

Mr. Kellner was made U.S. Attorney as soon as Stan Marcus had become judge.

There was never any doubt of anybody in the district or anywhere else, that he was going to be approved, outside of the facts that when the Senate was going to be faced with voting on it.

Leon wasn't worried about it, and nobody about the office, and there wasn't talk in the office about anybody else going to be in that spot.

If anybody said anything about it, it would have been a joke.

There was nobody's name mentioned to take his place, or any political consideration-- the office was running smoothly, and, you know, even when Leon was formally nominated, I don't think anybody knew about it, because it didn't make any difference.

He was the U.S. Attorney.

Q. Do you recall specifically anybody making a joke about the political implications of Jeff's investigation, anybody making a joke?

A. Gee, I really can't.

We may have joked with Jeff, because he was very serious about this thing, you know, and, sometimes my reaction, you got a bunch of wackos running around in the swamps-- you know, mercenaries here in Miami are a dime a dozen.

I can take you over to Brickell Point Holiday Inn and introduce you to 10 right now.

It is not unusual. This is Miami. For every country in South America, we have a revolution sitting here in Miami.

People are buying weapons on the street. If Congress wanted to spend the time and try and stop these things, they would strengthen the gun laws instead of weakening them.

I spend half my day dealing with people running guns, so I think I tried to give Jeff some perspective.

You have got to see where you're going. You have got to have a violation, and know where it is you're going in and when, and we may have joked in one of those conversations, but I don't have it in my recollection.

Q. You don't have a specific recollection of anybody else joking about it, either?

A. I just don't.

Not that I can think of.

Q. Now, after the FBI agents were shot, the Attorney General visited Miami.

A. Yes.

Q. Were you involved in that, the group of people that met the Attorney General and traveled with them that day?

A. No.

I came in for a very short period of time, and Leon went and met with him, himself..

Leon gets a kick, like, riding in the limo, and he had commented to me, he got to ride with the Attorney General, and they went and saw the agents who had been wounded and had come back.

Q. Did Mr. Kellner indicate to you at that time or around that time, that the Attorney General had spoken to him about the Costa case?

A. Never.

First time I ever heard that was after it appeared in the newspapers, and somebody said the Attorney General had talked to him, and Leon said the only time he can remember talking to the Attorney General about this case, was when the agents got shot.

Q. There came a time when Mr. Feldman, in fact, did do a memorandum on the case, and at least in one of its early manifestations, it recommended that grand jury subpoenas be issued for certain witnesses and records.

Do you recall reviewing that version of the memorandum?

A. I don't recall reviewing it, but I do recall telling Jeff numerous times, that I didn't think he was prepared to take this case to a grand jury yet, for several years.

Q. Let's back up for a second.

Let's put it in a time frame.

There was, we understand, a meeting on May 20th with you, yourself, and Mr. Kellner, Mr. Scharf, and Ms. Barnett, at which the grand jury issue was discussed.

A. Right.

Q. Was your advice to Mr. Feldman, leading up to that meeting-- was your advice to Mr. Feldman about the grand jury prior to that meeting, or was it in the context of that meeting?

A. I remember seeing him, because my office was on the 10th floor, as was Jeff's, so I would see him from time to time.

UNCLASSIFIED

I don't remember how many times we spoke about it, but I do remember repeatedly saying, you know, you aren't-- "Before you do anything on this case, you have got to get your facts together, and you have got to have a case. There's got to be a direction you're going in. There has to be a crime which you say is violated, and you have to be particular, in terms of putting together some sort of plan and organization of where you are headed. You're not a newspaper reporter just trying to titilate your readers with a story. You're a prosecutor/ who's going to have to prove a case beyond a reasonable doubt/ to a jury."

I remember trying to explain that to him several times, and I remember there was a discussion, and I can't place when and where that discussion was, about immunity and-- my answer being, you don't throw immunity around, that you have got to know the answer before you ask them, because if a guy wants to mislead you and you give immunity, you are stuck with it unless you know what the truthful answer is, so you can charge him with perjury.

Q. Do you recall whether that conversation

UNCLASSIFIED

took place-- that is the immunity conversation leading up to this meeting on May 20th-- whether the grand jury issue was discussed among the group?

A. I have a hard time. It runs together on me, and I can't tell you if it happened at that particular meeting or one of the discussions we had, you know, upstairs before, but I can't honestly tell you I can place exactly when and where the discussion occurred.

Q. What do you recall about that meeting on the 20th?

A. All I recall is that Jeff had the facts together.

There were a lot of names, a lot of places, and I still wasn't satisfied that-- wasn't even satisfied there was a case there that we could do anything with, as an experienced prosecutor-- I am not sure this was a matter in this district that was ready to be taken to prosecution or could in this district even.

There were all kinds of unanswered questions, people obviously lying, individuals who had given us half the facts and half truths.

There were all kinds of people who

UNCLASSIFIED

needed to be questioned, and we had no idea of what the parameters of what this situation where.

I didn't seem to make any sense at that point.

Q. Going into the meeting, you were aware that Mr. Feldman's draft memorandum had recommended that grand jury subpeonas be issued.

Is that a fair statement?

A. I don't remember that, to be honest with you.

Q. Were you aware that Mr. Kellner had-- at least as an initial discussion, concurred in that-- noted his concurrence to Mr. Feldman's--

A. Yes. I think so, yes.

Q. Not discussing really the grand jury process, itself, and the decision about the-- can you explain for the record why you felt it inappropriate to issue grand jury subpoenas, either for records or for testimony?

A. Before you go into the grand jury, as I told Jeff, you have to have some idea of where you're going and what you're looking for.

Up until that time, he had some wild stories that were concocted by ~~freelance~~ free-lance newspaper reporters about mercenaries who were unreliable,

UNCLASSIFIED

individuals who had failed a polygraph, people who were unreliable, and we did not have a straight set of facts, and I did not think it was appropriate to go into the grand jury with a bunch of people, who we were later going to find out were totally lying and totally mislead a grand jury, going to confuse them.

What I saw was a confused mass of facts that were leading in no particular direction, and had no form or substance to them.

Q. Now, you say you did not want to take it before the grand jury, people who may well lie to them.

What reasons, if any, or what discussion was there of the efficacy of issuing records subpoenas, that is bank subpeonas, airline subpeonas, those sorts of-- total records subpeonas?

A. Who are we issuing them to, and why.

I mean, were you going to issue records subpoenas to some entire military group that was, as far as I knew, made up of mercenaries, some of whom were from England, running around the country?

Were you going to issue it to the

UNCLASSIFIED

Cubans in Miami, who have been planning the overthrow of the Cuban government since 1960?

Who you were going to for these records? How broad a subpoena? For the last year, last five years, certain, specific individuals, because if you make a subpoena and the attorney comes in and says that subpoena is over broad, you have got to tell the judge, "We're looking for a certain time period. Judge, we can't get those records for five years--"

You ought to have some basis for which you're asking for a subpoena, and if you get the records, do you know what you're looking for some names--

When we bring up the jail list in Monday on Miami-- the first Monday I was here, I had a defendant that I went over to interview, and his name was Garcia. That brought up five Garcias.

I don't know what he looked like. I had no idea who mine was, and I couldn't tell the judge which one it was I had the complaint on.

This is a common problem. They have similar names, identities. You have no idea who you're taking about.

If you're going to do a grand jury and investigate these people for these violations, you have to have some facts in mind before you go off issuing subpeonas half-cocked, and the way Jeff walked into this investigation and still had it in May, was thoroughly confused and had no direction, and I thought it was totally inappropriate to start issuing any kind of subpoena, until there was some factual basis.

They hadn't-- the FBI's written 302's. I hadn't had-- they went down and interviewed, and they interviewed Terrell in New Orleans, but I didn't have the interview in front of me.

They had interviewed Garcia, who was the defendant in the original case, but I didn't have the information that I needed.

I wanted to sit down and look at it, myself, and satisfy myself, that there was a direction where he was going in.

If we got documents, we knew exactly what we were looking for. If somebody objected to my subpeona or Jeff's on the basis it was over-broad or asking for too much, I could honestly say that in this district, you would have to be in a position to say, "Judge, we're looking for this particular individual or individuals. We're looking in this time period," so I could justify what we were doing.

Q. Is it fair to say that at the conclusion of the May 20th meeting, there was a decision made that the recommendation in the draft memorandum would be changed to reflect that it was premature to issue grand jury subpeonas?

A. Those weren't my words.

My recollection, from the end of that meeting, was, Jeff is going to get the FBI's 302's, go out and do enough investigation so you can come back and show me, satisfy me you're headed in a direction that there is a violation of law, that there is a violation that we're looking at, a viable target or targets in this investigation, and, all right, you may not have proof they violated the law, but you know where you are headed with it.

That was my impression when I left that meeting. I didn't put it in words or write the memo, but I was perfectly satisfied it was clear from our meeting, that is what Jeff was supposed to do.

Q. When was the next-- did you see another draft of Jeff's memo?

A. From my recollection, to be honest with you, it was the final draft.

The reason I recollect that, is because at the end of August and beginning of September, I reviewed the FBI reports, and I had Jeff give them to me.

I looked at it then, and said, "Okay, you've done as much as you can do. We have got it down in writing, and go ahead and put it in the grand jury, and see if you can go in a definite direction in the Neutrality Act violation."

Q. We have had some indication that Mr. Feldman's memo was-- in final form, was sent to the Department of Justice on June 3rd, and that was after submitting it to Mr. Kellner, who then in conjunction with Mr. Scharf, re-drafted portions of it.

It was then submitted to the Department of Justice.

Were you involved in that process of redrafing, between the May 20th meeting and when-- and June 3rd, when it was sent to DOJ?

A. Yes or no-- I like to think we pretty-- Leon pretty much respects what I say and listens to it, and I think in this particular occasion, he heard my arguments on why we shouldn't be running after things we didn't have a hold on yet.

That was my impression, but I didn't write the memo, so I can't remember whether any of my impressions was put down or not.

You have got to-- jokingly we call him "Doctor No", but every tough case, you come down and give it to Larry Scharf, and-- he will sit down and say, "I have a great deal of difficulty with this, and--"

He is a brilliant legal scholar.

He will point out all of the difficulties and put down things that you'll feel-- he was the fellow picked to do all of the legal work on the ABSCAM cases because of his aptitude.

He can be frustrating sometimes, because if you're a young prosecutor looking to prosecute, and you have "Doctor No" sitting there and saying, "I'm having a great of difficulty with this," it can be frustrating.

On the other hand, it is for him to do this.

Larry was supposed to write and point

out the things that we have discussed in that meeting, and I took for granted it was done.

I don't remember whether I saw the final draft and approved it or not.

I just don't remember that.

Q. Is your next recollection of the case, seeing the prosecution memo from the FBI?

A. Yes. My next recollection is that I was doing the Medellin Cartel prosecution.

During the month of August, I spent my time pulling together all during that time, much of that case. We did that, and the case was decided at the end of August, and when that was complete, I sat down to review the FBI memorandums, Jeff's memo, and looked at it then.

I was satisfied that we at least had all of the facts together that we could get at this point, and I told Jeff I thought we should go ahead and go to the grand jury with it.

Sometime in the first week of October, I wrote a memo to Leon, just a little slip of paper, just saying, "Send it to the grand jury."

Q. Do you recall whether you ever got the FBI pros memo from Mr. Feldman or from Mr. Kellner?

A. I think I got it from Jeff Feldman.

I'm pretty sure about it. I could be wrong, but I'm pretty sure about it.

Q. Do you recall giving Mr. Feldman an oral indication that the case should go ahead prior to the time you signed and sent the note to Mr. Kellner?

A. I think I did.

I think I saw him up there, and said, "Gee, we ought to go ahead with it."

It was clear in my mind, but whether I talked to Jeff about it, I'm not sure.

Jeff was involved in doing a number of other things.

During this time period, we had been approached by the State Attorney's Office in this office, because they were having a terrible problem prosecuting the River Cops in Miami, and I had gone over to the Miami Police Department and the Dade County Prosecutor's Office with our senior litigating counsel, Pat Sullivan, to review that case, and assigned that case at that time to take the case from the state, work with them, and do the case federally.

Pat had agreed to do a major heroin

case in Thailand.

He says "Dick, if I do the River Cops case, what about the case in Thailand? "

He went upstairs to the narcotics section, and walking-- and-- complaining now who was I going to get to go to Thailand, somebody interested in making a trip, be a great trip, except you're going to have to work your butt off to make the case stick, that it's not an easy case.

Jeff, who had been trying cases a number of months, said he would like to do it. "I'll take the trip. I'll do it." He volunteered.

Jeff wanted to do it. I said, "If you have got the time, it's okay with me."

Jeff wanted to go and take this case.

He took the Thailand case, which was very important, and the main witness was in a jail over in Thailand, and required him to fly over there to depose the main witness, and he, in fact, tried that case.

Q. You said you finished the Medellin conspircay or indicted in that case at the end of August, and the first week in October, sent the buck slip or the memo to Mr. Kellner to go ahead.

Was there any reason why there was five weeks that went by between the indictment in that case, and the actual passing of the memo?

A. Other than taking a good deal of time to read it and there was a-- we wanted the Medellin case to be announced immediately to force the Colombian's hand, to say, "Send us those people," and I was unable to convince our diplomats to agree to allow us to do that.

They kept saying, "The Colombians will be much more helpful if you don't treat it that way," so we spent a good deal of time on the phone, going over-- we could close the indictment and get the cartel members here.

That was my prime topic of interest at the moment, but I did read the reports and take the time to do it.

It wasn't just at the top of my priority list. The Medellin Cartel case was at that moment, and I read them, and when I got through, I put a note on it, and I said, "Let's go ahead and do it."

When I exactly did that, I can't honestly tell you.

UNCLASSIFIED

Q. Do you recall when the C-123 in which Mr. Hasenfus~~s~~ was riding, was shot down over in Nicaragua?

It's October 3rd or 4th, I believe.

Do you recall hearing about that, at the time it happened?

A. I suppose it was on the news.

I didn't mean-- it was nothing of grave interest to me, but I remember it did happen.

Q. Do you remember having any discussions with anyone about any connection with-- between the Hasenfus~~s~~ flight and the Costa investigation?

A. No.

Q. Do you remember making any connection in your open mind, between the pros memo that was sitting on your desk, and the-- the pros memo and the Hasenfus~~s~~ flight?

A. No.

Q. After you had signed off on the pros memo, what is your next recollection of the case?

A. Jeff coming to me, saying he's ready to put it in the grand jury, and that would have been about a month later.

Q. In the meantime, had you discussed the case with Mr. Kellner at all?

UNCLASSIFIED

A. No, I don't think so.

I don't think it really came up.

As I say, my prime interest at that time was the Medellin Cartel case, and we were fighting for two, three months with Mark Richard and Steve Trott and the Department of Justice, over getting clearance to unseal that indictment, and that's-- that was my prime topic during that time period, and that's the only thing I really remember that occurred during that time period.

Q. Did Mr. Feldman ever express frustration to you over the pace at which the case was moving along, that is the Costa case?

A. I don't remember Jeff ever expressing any frustration.

I remember Keven Courier, who was the young FBI agent working on the case, he did.

He felt it should move faster, but that's always the case with an agent. They are anxious to move it faster than the prosecutor thinks it's ready to move, but I remember Kevin voicing some dissatisfaction about it.

Q. Did Mr. Courier indicate to you that he believed the case was being held up for political reasons?

A. No. He didn't say that, but he felt that I or somebody above me, was keeping him from doing what he wanted to do.

He seemed anxious to go and serve all kind of subpeonas and drag people in, and I kept telling him, "You'll get to do it. Go and finish some investigation first, and then you'll get to the next step."

I remember talking to him once or twice.

They weren't really hostile, but you could tell from his demeanor in the case, that he was not happy about the fact that he hadn't approved-- it wasn't moving the way he wanted it to.

Q. But he never expressed any theory it was being held up for political reasons?

A. Not to my knowledge.

Not to me, anyway.

Q. Let me ask you some general questions, if I could.

Did you ever have any contact with Mr. Mathis, Mr. Garcia's attorney, in the context of the Costa case?

A. I remember Jeff Feldman coming to me

early on in the case, saying the public defender in the case has been telling witnesses not to talk to the FBI.

I remember him telling me, telling me that the public defender in the case was going to Costa Rica, because-- that's sort of a joke.

The chief public defender limited them to one pad of paper. He has got a reputation for being so tight with his money, we couldn't imagine he would allow someone to fly to Costa Rica, and then it came to light, someone, a political staffer, would pay-- was paying for his trip, and we thought it was some-- horrendous conflict of interest, and Jeff voiced his concern very strongly, as did the FBI agents.

They were concerned, because you have this guy representing himself-- we got word back he was representing himself as an Assistant United States Attorney, you know, a mischaracterization by the stenographer or something, and what is he doing telling witnesses they shouldn't talk to the FBI, the witnesses, and--

There was a great deal of concern about that, but it was my feeling it was best left alone, we didn't want to interfere with the assistance of counsel, regardless of who paid his way down there.

Q. You never had any personal contact with Mr. Mathis?

A. No.

I never met him, talked to him, or had anything to do with him.

Q. Did you ever discuss this case with any reporters?

A. There have been a number of people who have called here and asked questions, so I would have to say yes.

To say which ones for sure-- I probably would regret anyone that I talked to, because they fail to print accurately what's said, or if they do, they print only part of it and left the rest of it out, but I'm afraid after 15 years as a prosecutor, I should know better than to talk to them, and when Leon and Ana are not here, I talk to them.

Q. Have you ever talked to a reporter named Murray Wass?

A. No.

Q. Do you have any idea how the Feldman memo that was sent so Main Justice, was leaked to

UNCLASSIFIED

the press?

A. I have no idea whatsoever.

Q. Let me ask you what may well be the ultimate question here, and that is, to your knowledge, did anyone in the Department of Justice either give or receive instructions or suggestions that the Costa investigation be slowed or handled in a dilatory fashion, according to-- did anyone ever say anything to the effect, "Go slow on this investigation"?

A. No.

I haven't ever heard anyone say that, because I was the one who was telling Jeff Feldman he was way out of line when he came back from Costa Rica, that he didn't have his facts together, nor did he know where he was heading, to go over in a grand jury so nobody would have had to say that, because I was telling him not to go ahead on it.

Nobody put that idea in my mind, but my own, good, prosecutorial judgement, and if I were called to do it again tomorrow, even knowing what I know now, I wouldn't let a prosecutor go forward with the information Jeff had when he came back from Costa Rica.

UNCLASSIFIED

Q. You have become aware that Mr. Leiwant's recollection of the April 4th meeting, differs at least in one significant respect with, the recollection you have?

A. Yes.

Q. And that is an alleged phone call--

A. Yes.

Q. Can you tell me when you first became aware that he had a different recollection?

A. That day he came into my office.

There was an investigator named Hayden Gregory who had come to see me. I remember him, because he's got the same name as mine, except he's Y and I'm i-e.

I don't remember if he was looking for documents or what, and about that same time, David came in and said he was concerned, because he was getting calls at home that they wanted him to testify or to give information to some sort of Congressional hearing, and I said, "About what," and he said essentially that he had heard this phone call, and I was totally shocked, number one, because no such phone call occurred, and number two, because I didn't remember that David had been there, and all of a sudden it came back to me that

UNCLASSIFIED

he had, and it also hit me, with all of these newspaper articles coming out, it, it must have been David Leiwant is the person in the articles who was the other person present at the meeting.

Q. Let me ask you what is a difficult question to ask, and probably also to answer, but do you have any reason to believe that Mr. Leiwant might have any motivation to misrepresent what happened at that meeting, be it political motivation, personal motivation, anything that might explain a decision on his part to misrepresent?

A. Other than his being friends with John Mathis, whose motivations are not known to me, I can't give you any reasons why he did it.

It would be pure speculation as to why, you know, he might be in this position.

He explained when he came in to see me that day.

I asked why the Congressional investigator-- "Why would he call you?"

He said, "I think John Mathis, my good friend, gave him my phone number," and that was enough to explain to me how David got in the position he was in.

UNCLASSIFIED

I don't know that. I can't explain anything else.

David Leiwant was in the appellate section. He would have nothing to do with a substantive case in the office until it reached an appeal stage.

He had nothing to do with anything in in the front office whatsoever, and would have had no reason to have any axe to grind or hard feelings, or anything of any sort with anybody in the office, that I know about.

David was always friendly, easy to get along with.

You go to the appellate section, ask him to look for something, and he would find it for you.

MR. MCGOUGH: I have nothing further.

MR. GENZMAN: I have no further questions.

(Thereupon the deposition was concluded.)

UNCLASSIFIED

CERTIFICATE

STATE OF FLORIDA:
: SS.
COUNTY OF DADE:

I, Stan Seplin, being a Certified Shorthand Reporter and Notary Public in and for the State of Florida at Large, do hereby certify that I reported in shorthand the deposition of Richard Gregorie; that the deponent was first duly sworn by me; that reading and signing of the deposition were waived by the deponent, and that the foregoing pages, numbered from 1 through 51, inclusive, constitute a true and correct transcription of my shorthand notes of the deposition.

I further certify that I am not of counsel, I am not related to nor employed by an attorney to this suit, nor interested in the outcome thereof.

The foregoing certification does not apply to any reproduction of this transcript by any means unless under the direct control and/or direction of the certifying shorthand reporter.

IN WITNESS WHEREOF I have hereunto affixed my hand this 27th day of July, 1987.

Stan Seplin, CSR, NOTARY
PUBLIC AT LARGE. MY
COMMISSION EXPIRES:
12-25-89.

UNCLASSIFIED

ORIGINAL

CR30628.0
BLW/sjg

HSIC-13

UNCLASSIFIED

UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION ADRIANA GUILLEN

Washington, D. C.
Tuesday, April 21, 1987

Deposition of ADRIANA GUILLEN, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Hart Senate Office Building, Suite 901, at 9:11 a.m. before BARBARA L. WHITLOCK, a Notary Public within and for the State of Maryland, when were present:

TERRY SMILJANICH, ESQ.
Associate Counsel
Select Committee on
Secret Military Assistance to
Iran and the Nicaraguan Opposition

4040

UNCLASSIFIED

1 of 1

Partially Declassified/Released on [illegible] 19, 1987
under provisions of E.O. [illegible]
by B. Reger, National [illegible] Council

UNCLASSIFIED

CONTENTS

WITNESS	EXAMINATION
Adriana Guillen	
by Mr. Smiljanich	3

UNCLASSIFIED

BLWbur

PROCEEDINGS

Whereupon,

ADRIANA GUILLEN

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q Is it Miss or Mrs. Guillen?

A I go by Ms., but I am married.

Q Ms. Guillen, as you know, my name is Terry Smiljanich. I am Associate Counsel with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

I want to ask you some questions, and if you have any -- if you do not understand any of my questions, please let me know and I will be happy to rephrase my questions.

I wanted to get first of all a quick background from you and then ask you about certain matters that took place in 1985, 1986, sometime in that time period.

First of all, you are currently employed where?

A USIA, United States Information Agency.

Q You work for Radio Marti ?

UNCLASSIFIED

A Which is a program of the Voice of America.

Q How long have you been employed by USIA?

A Since July 28, 1985.

Q Are you originally from Nicaragua?

A I am from Nicaragua.

Q When did you come to the United States?

A January 1982. I am a former journalist for the newspaper La Prensa, L-a P-r-e-n-s-a.

Q While you were in Nicaragua, did you come to know any of the Miskito Indians who live on the Atlantic Coast area of Nicaragua?

A Yes. Because of my support and duty I had to go to the Atlantic Coast, covering many events that were occurring.

The Sandinista government had applied several missions affecting the Indian communities, and there were demonstrations going on on the Atlantic Coast. There were letters complaining about the political organization that was implemented by the Sandinista regime, human rights violations, imposing of new leaders instead of the Indian community leaders, the breaking up of the traditional life of the Indians.

UNCLASSIFIED

La Prensa was considered a nationalist institution in Nicaragua life because the pages from La Prensa were denouncing the Somoza dictatorship, corruption, and were giving -- there were human rights violations by the regime. So people came to La Prensa complaining about political happenings in national life.

Q Who were some of the Miskito Indian leaders you came to know?

A I met Steadman Faget. He was one of the Miskito Indians imprisoned by the Sandinista regime. Roger Herman, Brooklyn Rivera, Hazel Lau.

Q So far we have --

A Hazel Lau, and there were many others. At the time they were leaders of the Miskito Indians.

Q Was one of the people that you came to know a man by the name of [redacted]?

A I don't remember exactly exactly. At the time that I met him in that particular -- I know that they had many religious leaders who were at the same time communal leaders, and [redacted] and another one who was called -- I don't remember the name right now.

Q That is okay.

UNCLASSIFIED

A They were recognized among the communities, the Indian communities.

Q Was there a time in approximately June of 1985, while you were working here for USIA, you received a call from Mr. [redacted]

A I was not working for USIA.

Q Where were you working at the time?

A I was a free-lance journalist, speaker, translator. So I worked from my home. The USIA job came later on.

Q Okay.

A So I would just be at home and have my own schedule of time arranged by myself.

What was the question?

Q Approximately June of 1985, did you receive a telephone call from [redacted]?

A Yes. I don't remember exactly the month, but it was a time when I was working by myself. So it might have been the summer of 1985. I did receive a call from [redacted] [redacted] yes.

Q What did he want?

A He said that he was coming to Washington and that

UNCLASSIFIED

he would like for me to help him and accompany him on some visits that he would have to make. That was not unusual because, as I said, we were in a long relationship since we were in Nicaragua.

Q Did he speak English?

A No. He does not speak English. He knows a few words, but he does not speak English. I have translated for him in testimony before Congress earlier.

So as I said, that was kind of a friendly relationship.

Q He said he was coming to Washington?

A Yes, he was coming to Washington, and he would be invited by a private organization known as Citizens for Reagan, who was based in Washington, and Peter Flaugherty, who was an officer at the time -- I don't know if he is still there -- was the [illegible] person for him.

And I said, yes, I would be certainly willing to accompany you. Let me know what time and when do you need, and then I go with you.

Q So then soon after that he actually came to Washington?

A Yes. When he came to Washington --

UNCLASSIFIED

Q What happened after that?

A He called me. I went to Peter's -- the Citizens for Reagan's place. I don't remember exactly. He had several appointments to them I remember clearly. One was with the White House officer, Colonel Oliver North, and the other one, Robert Leiken.

Q Let me understand. You and [redacted] went to Peter Flaugherty's office at Citizens for Reagan?

A Yes.

Q Was that here in Washington?

A Yes. That is in Washington. It is by the Capitol here in this area.

Q And while you were there with [redacted] and Mr. Flaugherty, two appointments were arranged?

A Yes, two that I recall. He had others, but those two I recall.

Q How was the appointment with Colonel North made?

A I think it was over the phone. I don't know if Colonel North called him or if Peter Flaugherty called him, but [redacted] stated that he was in bad shape with the rebel resistance group with the Miskito Indians and that he needed funding to continue the fighting, the organization.

UNCLASSIFIED

So those meetings I understand were to try to receive financial aid as well as political recognition. At the time the only leadership that had been announced, that was formed by Adolfo Calero and Alfonso Robelo and Arturo Cruz, and the Miskito Indians were not invited to be members of UNO.

So [redacted] stated that the Miskitos felt that they should be invited because they were also part of the --

Q Did you know Colonel North personally?

A No, I had never met him before.

Q Did [redacted] know Colonel North?

A I don't think so.

Q The appointment was -- was it arranged by Mr. Flaugherty?

A I would say so.

Q Was the appointment to see Colonel North the same day that you were in Mr. Flaugherty's office, or was that for a later date?

A It could have been another day. I think [redacted] was here for about four days or so. So I don't remember if that was the first day or the following day when he came.

Q First, you said you remembered two appointments.

UNCLASSIFIED

He first talked to Mr. Leiken with [redacted]?

A We went to Mr. Leiken -- it might be that we went first to see Mr. Leiken. When we went to his office [redacted] knew that Leiken was involved in the negotiations with the Miskito Indians and UNO and probably [redacted] thought that Leiken was also influencing Congress or the Administration.

When we went to Leiken's office, he was taking notes of the meeting. Leiken was taking notes, and [redacted] asked him who are you? [redacted] first presented himself and then asked Leiken his credentials, and Leiken stated he was an adviser to the Administration on Nicaraguan policy.

So that was an important point for [redacted] -- to [redacted], and he explained how [redacted] was seeing the situation and asked for Leiken's recommendation about supporting [redacted] group, and so that was Leiken.

Q Now then, did you and [redacted] go and see Colonel North then?

A I don't remember if it was the same day. We went to see Colonel North after our meeting had been arranged. Flaugherty asked -- when we went to the White House, at the Old Executive Office Building, Flaugherty went to the phone that is on the reception area, or at the reception area, and

UNCLASSIFIED

he said [redacted] is here, so who do you want to go with him?

And apparently Colonel North or his -- the secretary said that [redacted] should go only with the person that would translate for him. So Flaugherty waited outside, and [redacted] and I went to the meeting.

Q With Colonel North?

A With Colonel North.

Q Was anyone else present at the meeting besides you and [redacted] and Colonel North?

A I don't remember anyone else sitting at the meeting. I think it was the three of us.

Q And you were there to act as a translator for [redacted]

[redacted]

A Yes, such that he does not speak English, and North apparently did not speak any Spanish.

Q What discussion did the two of them have, then?

A [redacted] stated that -- the shape of the resistance, that it was bad and needing financial assistance, as well as his desire to be represented in the UNO Directorate, and Colonel North -- as I recalled -- he replied that he was sympathetic to [redacted] appeal and he would certainly work to have the Miskito Indian -- a Miskito Indian in the leadership, but first the Indians had to unite in one organization. They were divided, at least three groups at the time.

And [redacted] said yes, we are willing to do that, but we need very badly supplies, the fighters have nothing.

And he said, first, we have to work on the unity problem and after that we would meet again and then you would meet with President Reagan after all of this. [redacted] said in the meeting they did not have any money to pay for the coming of the Miskito Indians who have to take part in the unity meeting.

And Colonel North said that it is -- not exactly his words, but the concept -- that this would be resolved and [redacted] should not worry about that and he would have the money to pay for the coming of the Miskito Indians. They should be coming [redacted].

Q There was going to be a meeting, a leadership meeting, and [redacted] was concerned about being able to pay for the Miskito Indians to come to gather together at this meeting?

A Yes, and to [redacted] it was most important, or more important, to receive aid for the group than holding that meeting for the unity, but that was a precondition set by Colonel North at the time, that he has to go on that project.

Q And Colonel North said -- not in exact words, but in so many words -- that [redacted] did not need to worry about the finances for that, that Colonel North could take care of it?

A Yes, that [redacted] would receive the money. I think Colonel North mentioned that Friends of the Resistance would be given money to pay for that, but that was promised in the meeting.

Q You think that Colonel North said that Friends of the Resistance would take care of the financing?

A I think so, or Peter Flaugherty, but now from the meeting with -- either with Flaugherty or North they mentioned Friends of the Resistance, who were willing to donate money to pay for that.

Q In other words, you understood that the money that Colonel North could acquire was not going to be government money that he was getting from the United States but rather money from private sources?

A Yes, I understood that.

UNCLASSIFIED

Q When did Colonel North say that he could get this money?

A At that meeting -- what he said was -- he said it at this same day in the afternoon before [redacted] left because he was leaving Washington to Miami that night, so that before [redacted] left he would have the money.

Q Did he say how much he could get for [redacted]?

A I think that at the meeting we were figuring out how much money they would need to pay for the traveling expenses, so that it might be about -- all together about $8000. But he would not receive all of the money that day.

So Colonel North asked [redacted] to go and wait until he would call, I think. He would call back Peter Flaugherty's office, and [redacted] would be able to pick up the money.

Q Was there anything else discussed at that meeting with Colonel North?

A In a broad sense -- as I mentioned before -- the need to have us take assistance to the rebels. But I would say that although [redacted] wanted to discuss other issues, Colonel North wanted to discuss the unity as a condition.

Q Did Colonel North discuss at all any of the

UNCLASSIFIED

military aspects of the resistance, the fighting inside the Corrigor or anything like that?

A Not that I recall.

Q Then you left the meeting with [redacted] and Mr. Flaugherty was waiting outside?

A Yes. So I think that we went back to the office. That might be.

Q You mean Citizens for Reagan?

A Yes. Citizens for Reagan. I don't remember if I waited until the afternoon and I came back home, but late in the evening -- in the afternoon I had to be there to consult because Peter Flaugherty does not speak Spanish, and [redacted] was leaving and he had to go and wait for the phone call.

So the phone call came, and Peter Flaugherty said the money is ready, we will go to the White House and somebody will be there with the money. So we went.

Q Who was there, the three of you, Mr. Flaugherty and [redacted]?

A Mr. Flaugherty was driving his own car. We went to the White House, again at the Old Executive Building. We did not enter at that time. Mr. Flaugherty parked his car by the side of the White House. I think it was on 17th

UNCLASSIFIED

Street entrance. I don't remember exactly, but I think Mr. Flaugherty came down, went to the White House. He might have called from the phones that are in the hall, and he in a few minutes came back to the car, and a person, a man -- I did not know him before. I think I had not met him before -- came and gave an envelope with the money to [redacted].

So [redacted] received the money and he counted how much it was in the envelope.

Q This man came out of the White House?

A Yes.

Q The Old Executive Office Building?

A Yes.

Q Did he give the money to Mr. Flaugherty or did he give it directly to [redacted]?

A I think to [redacted]. He came to the car where we were waiting.

Q He did not introduce himself in any way?

A No, I don't think so, but I don't remember if it was mentioned at the meeting with Colonel North. But Robert Owen's name was mentioned during [redacted] stay here in Washington that week.

And [redacted] left that night.

UNCLASSIFIED

Q Before you go on let me stop. The money that was given to [redacted] was in an envelope?

A Yes.

Q And [redacted] counted the money?

A Yes.

Q Do you recall how much money was in the envelope that he counted?

A I think it was about $4000. I do not remember exactly.

Q Was the money -- this is in cash, right?

A Yes.

Q Do you recall what kind of denominations they were?

A No.

Q Hundreds, fifties, twenties?

A No, I don't remember.

Q Did you notice how thick the envelope was?

A Well, it might be like that (indicating).

Q About a quarter of an inch thick?

A Yes, more or less.

Q Okay. And where did the three of you go after [redacted] got the envelope?

UNCLASSIFIED

A To the airport.

Q To the airport?

A Yes. National Airport. So [redacted] left for Miami that night.

Q Then you have a friend who was on the National Security Council staff by the name of Jackie Tillman?

A Yes. We had met several years earlier, 1982, when I came, because I had come to Washington, 1981. I was sent by La Prensa to cover the first inauguration of President Reagan and when Kirkpatrick was named Ambassador.

Kirkpatrick was just named Ambassador to the United Nations. I sent her a copy of the interview that was published. So the relationship had been established before I came here.

Q After you -- after [redacted] left he went to Miami, is that right?

A Yes. He went to Miami. I do not know if he went to [redacted] or he stayed down there, but he called me.

Q Before you go on, did you -- after he left for Miami, did you tell your friend Jackie Tillman about this incident?

A Yes. At the time the Nicaraguan resistance

UNCLASSIFIED

organization was confused and many influences were fighting to get control over the leadership, over the movement or whatever.

I was concerned, of course, because it was my country, Nicaragua, and I was concerned about the problem of the Miskito Indians that was beginning to isolate the issue of the Nicaraguan Indians as part of the national life. Because of that I felt -- because of the attitude of the leaders of the resistance -- outside the resistance. So I used to talk with Jackie Tillman in a friendly way, but also I knew she was not going to publish anything that we were talking about.

Q Right.

A And I said because [redacted] also when he came he used to call Jackie Tillman. I have to say here that when the Miskito Indian refugees came to Honduras the United Nations Ambassador, the U.S. United Nations Ambassador Kirkpatrick was very helpful in trying to get them food and assistance.

So the Indians also were very related to Jackie and Ambassador Kirkpatrick because of her previous job.

Q Because Ms. Tillman used to work for Ambassador

UNCLASSIFIED

Kirkpatrick?

A Exactly. So when they came, they used to call her and say hello. So she knew that [redacted] was here, was in town, and I said this is happening, is looking for that. So we were just exchanging, and I mentioned her at the meeting with Colonel North and [redacted] -- [redacted] disappointment, if you can say that, when they needed some important and urgent assistance for the fighting. They did not get that perhaps because of other blockings in the way. I don't know what other reasons.

But when there was a project that was of interest to someone here in Washington, then they would resolve it very quickly -- as the meeting with the other groups.

Q Did Ms. Tillman, did she seem concerned at all?

A About the description of the envelope? Yes, she was very concerned, and she made a comment on the sense that this is a crazy idea; I think this is going to be a problem for everyone in the future.

Q You mean the giving out of cash by Colonel North?

A Yes. Yes. So that was her reaction to the knowledge of what was going on.

Q Now then, you were going to say earlier then that

UNCLASSIFIED

you got a call from [redacted] from Miami?

A Yes. Yes, he called from Miami and said that they were not able to continue with or to start the meeting because the other money did not reach him.

Q They were meaning money that had been promised?

A Yes, that had been promised by Colonel North, and [redacted] requested me to call Colonel North and convey his message. He could not call him directly because of the language barrier.

I called Colonel North because I had his number when I was there -- he gave his number to [redacted] -- and said I am calling on behalf of [redacted] and this is his message.

He was very upset. Colonel North was upset and said to me, listen, you have been talking to other people about the meeting we had here and I had requested, you know, not to talk anything about that.

I said that I did not recall him asking me to keep silence on the meeting. It should have been requested in order of confidentiality. Then I would not have mentioned it to anybody.

And besides, the only person I had talked to was Jackie Tillman. I did not say that to him, but that was the

UNCLASSIFIED

fact.

Q Did he say where he had heard it from?

A No, but I knew --

Q But it would have to be --

A It would have to be Jackie. That was the only person I had spoken to about that.

And then he understood my explanation and said, okay.

Q But first, when you first started talking to him, he was angry or upset?

A He was upset, yes. But he was not nasty. He was upset.

And I said, besides, one of your personal staff is leaking what is going on because [redacted] has had problems with Jifata because someone in your office told Brooklyn Rivera -- because he said [redacted] was with another person who was an Indian, an Indian in your office, and this is straining relationships between them and non-Indians. He said [redacted] is working with other non-Indians on that.

Q So Colonel North accepted?

A Yes. He said that he would -- he asked me who was the person, and [redacted] has told me that it was Mr.

Jonathan Miller, who was calling Brooklyn to complain about [redacted] asking for a translator who was non-Indian.

Q This was Colonel North telling you?

A Who was the person.

Q And it was --

A He asked me when I complained that there were leaks from his office that were straining the relationship among Indians, and he asked me, and I said [redacted] told me that Mr. Jonathan Miller from your office called Brooklyn Rivera and complained about him.

Q What did Colonel North say?

A When I said [redacted] says he needs more money, he said you would be calling Mr. Robert Owen and he gave me a phone number. Then I called Mr. Owen, and I said I had been referred to him by Colonel North on [redacted] issue.

Q Do you recall whether the phone number you were given was a private phone number, or was that a phone number of a business? Was it a government phone?

A No. I think it was a private number. I think it was Mr. Owen's private number, and I think that he was the person who was responding to the call when I called.

Q Was he expecting your call?

UNCLASSIFIED

A It seems to. When I conveyed the message of [redacted] he said he would -- he would take care of that. He would contact [redacted] later on, perhaps five days. I don't remember what, what period of time it was. [redacted] called me back and said that he needed to contact Mr. Owen because they were having problems and things were not resolved completely. They needed to pay his phone, his telephone number, and the needs for the food and lodging of the Indians in Miami.

So I called -- but he gave me at the time a phone number in Miami so I could call on. I called him. I don't remember if I talked to him or left a message. I think I talked to him. And he said that he was aware of what was going on, more or less in those terms, and that he was taking care of that.

Q Mr. Owen was in Miami?

A Yes, at the time.

Q [redacted] was in Miami?

A Yes.

Q But [redacted] was trying to reach Mr. Owen and did not know how to reach him?

A He could not communicate with him in English.

UNCLASSIFIED

That is why he requested from me that I call him.

Q Okay, and Mr. Owen had previously told you on the phone a few days earlier that he would take care of [redacted] [redacted] concerns about the additional money?

A Yes, more or less. That was his answer.

So that was the last time I think I talked with him.

MR. SMILJANICH: Off the record.

(Discussion off the record.)

MR. SMILJANICH: Back on the record.

THE WITNESS: I think that was the last time I spoke with Mr. Owen because later [redacted] asked me to call Mr. Owen again, and the number that he gave me -- that [redacted] gave me did not work. It was a disconnected phone number.

BY MR. SMILJANICH:

Q Later on [redacted] wanted you to contact Mr. Owen again but you could not reach him because the number you had was disconnected?

A Yes.

Q How much later was that?

A I don't remember.

Q When you talked with [redacted] did he ever

UNCLASSIFIED

confirm that he had in fact gotten the additional money from Mr. Owen?

A Yes, I think so.

Q Approximately, how much?

A Well, it should have been the remaining, about $4000 more, or in that sum.

Q To reach the original $8000?

A Yes. Yes, about 8- or $9000.

Q That Colonel North promised?

A Yes.

Q Did Colonel North at any time say anything to the effect that he had done this before, that he had given finances like this to any of the other groups or any of the other Indians?

A I understood that [redacted] group was also going to receive funding for their coming to Miami because they were going to take part in the meeting.

Q Funding from Colonel North?

A Yes.

Q Like [redacted] got?

A That is my understanding.

Q How did you get that understanding?

UNCLASSIFIED

A Because they did not have in general -- the Indians did not have money to pay for their coming. So they should come from some other way, and he was resolving [redacted] request, and [redacted] was also in touch with him.

I concluded that he was also going to help him to pay for the expenses.

Q Did you have the impression after you talked with Mr. Owen on the phone that he was the man who had met you all in front of the Old Executive Office Building with the envelope?

A Yes, I did.

Q Is there anything else you can recall about any of these events that we have not talked about yet?

A I think this is the most specific recollection that I can make.

Q Did you ever talk to Colonel North after that phone conversation where he started off being upset but then after the explanation --

A I don't remember, but I think not.

Q You have not talked with him since then?

A No.

Q The only other time you talked with Mr. Owen was

UNCLASSIFIED

the time that [redacted] wanted you to contact Mr. Owen?

A Yes.

Q What did he want you to contact him about?

A About receiving the money that was promised to finish paying for the expenses of the Indians that came to Miami. That was what [redacted] told me, and I do not remember if Mr. Flaugherty and these private individuals who were willing to help the Nicaraguan resistance were organizing like a network that would supply financial assistance to the group so that [redacted] should be -- or could be in touch with this private network in order for the Indians to have an independent financing for them.

Q Do you know if they ever accomplished that?

A I think the Miskito Indians never received -- that is my understanding.

Q Okay.

A That was the funding for that network.

Q Who was going to be part of the network?

A Well, I think Peter Flaugherty was coordinating some people. I do not know this for a fact, but that was my impression.

Q Okay.

UNCLASSIFIED

BLWbur

A And Owen was of course part of that effort as well.

Q Thank you very much for coming here and for answering these questions.

MR. SMILJANICH: This deposition will be transcribed and then will be treated as a confidential deposition, classified as a committee-sensitive matter. In other words, it will not be -- it is not a public matter at this time.

When the deposition is prepared, what I would like you to do is to review the transcript that the court reporter prepares to see if you think she has taken down accurately, you know, what you have said, and then you can -- at the back of the deposition, you can write on a sheet of paper any corrections that you feel are necessary, certain words that you think were typed wrong or were gotten wrong, and then your correction sheet will be made a part of the transcript with the original.

And then what I would like to do -- we can go off the record in a second and work out the details of that, but again I want to thank you very much for answering these questions for me.

UNCLASSIFIED

THE WITNESS: I would like to make clear that at the time I was not working for the USIA. That could really harm my working.

MR. SMILJANICH: Thank you for making that clear. This concludes the deposition.

(Whereupon, at 9:52 a.m., the taking of the deposition ceased.)

ADRIANA GUILLEN

UNCLASSIFIED

CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, BARBARA L. WHITLOCK, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Barbara L. Whitlock

Notary Public in and for
the State of Maryland

My Commission Expires JULY 31, 1991

UNCLASSIFIED